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WORLD NEWS

Bush to visit US troops in the Gulf

President George Bush is to visit US troops in the Gulf later this month, the White House said. He will spend Thanksgiving day, November 16, with them after a series of visits in Europe and the Middle East.

The US president continued his verbal barrage against Iraqi president Saddam Hussein. He told a Republican campaign rally in Ohio: "Saddam Hussein must get out, and he must get out totally, and the legitimate rulers must be returned." **Bush leads Republican fightback, Page 26; US commander in Gulf urges cautious line, Page 3**

Violence over temple

At least nine people died in the north Indian town of Ayodhya as police fought off attacks by Hindu militants bent on demolishing a mosque and replacing it with a temple.

In Pakistan, security forces moved to protect Hindu temples from Moslems protesting about events in India. **Earlier report, Page 3**

UN refugee chief quits

Norwegian career diplomat Thorvald Stoltenberg announced he was resigning as UN High Commissioner for Refugees to become his country's foreign minister.

Fighting in Moldavia

At least six people died in clashes between police and armed civilians in Moldavia, the troubled southern Soviet republic. **Page 2**

UDR soldier murdered

A part-time soldier in the Ulster Defence Regiment was killed in a van bomb explosion at the Country Tyrone garage where he worked. A woman drove the the van in, asked for a new exhaust system and disappeared on foot as the bomb went off. **Sinn Fein poll win, Page 6**

Petrol up again

Shell, Esso and Texaco are putting the price of petrol up by 4.5p a gallon, taking four-star leaded fuel to 222.3p. **Page 6**

Cape Town arrests

A protest against emergency rule in a South African township near Cape Town was broken up with tear gas. Police arrested veteran liberal parliamentarian Jan van Eck when he refused to leave. He was later released.

Japanese bombing

One Tokyo policeman was killed and six injured by a bomb planted by left-wing guerrillas who have vowed to disrupt Japan's forthcoming enthronement ceremonies. **Page 3**

Train driver leaves jail

Robert Morgan, 47, the train driver involved in the Purley crash in which five people died, was freed from prison. His 18 month sentence for manslaughter had been reduced on appeal.

Iran reopens embassy

Iran's London embassy officially reopened after 18 months. Diplomatic relations severed when Iran's ex-leader Ayatollah Khomeini condemned author Salman Rushdie to death for alleged blasphemy against Islam.

China arrests bishops

The Chinese authorities have arrested two Roman Catholic bishops and 13 priests for violating state laws on religion and being "subject to a foreign power" – the Vatican – a church news agency said.

BUSINESS SUMMARY

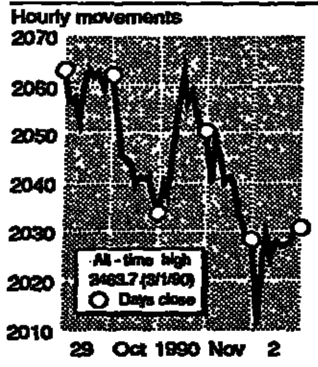
Eurotunnel in £532m rights issue

Eurotunnel, Anglo-French Channel tunnel construction consortium, launched a £532m rights issue, the final stage in its 15-month struggle to raise £2.6bn of additional finance.

The offer came three days after the French and British tunnels met under the Channel. Shareholders will be offered three new units, for every five already held, at 285p each, a 39 per cent discount to yesterday's opening price of 470p. **Page 26 and Lex; Details, Page 12**

LONDON EQUITIES ended a turbulent and mostly bearish week steadily, with shares recovering from the initial shock of Sir Geoffrey Howe's resignation. The FT-SE 100

FT-SE 100 Index



Index closed at 2,030.7, a rise of 2.7 on the day. It fell 32.4 over the week – a higher level than might have been expected given the bad news it had to contend with. **London stocks, Page 17; Lex, Page 26; Taking it with resignation, Weekend FT, Page II**

POLLY PECK International's administrators were warned by the Turkish economy minister that the country's authorities want to see an early outcome to the SFO investigations into the UK group.

It is understood Ankara is increasingly alarmed that two SFO raids have dealt a serious blow to Polly Peck. This may be a barrier to the removal of any remaining legal obstacles to the administrators in Turkey. **Lehman sues Nadir for £18.5m, Page 12; Lex, Page 26**

US RECESSION fears intensified with a wave of negative reports and warnings about the economy – but stocks and bonds rallied on hopes that the signs of economic weakness would lead to an interest rate cut. **Page 26**

SAVINGS AND LOAN: The US federal agency responsible for rescuing the thrift industry is being allowed to exploit a loophole in the law to carry on operating, after Congress failed to approve additional funds for it. **Page 2**

GATT director general Arthur Dunkel warned that the "risk of losing everything" in the Uruguay Round trade talks has never been so great. He specifically blamed the EC for failing to table an offer to cut farm subsidies. **Page 2**

COOKSON chairman and chief executive Michael Henderson has resigned. The troubled UK industrial materials group has temporarily re-appointed retired chairman Ian Butler. **Page 12; Lex, Page 26**

ADSTEAM: Shares in the diversified Australian conglomerate suffered on the country's stock exchange as concern over its debt and its shareholding structure continued to mount. **Page 14**

UK HOUSE PRICES are unlikely to rise sharply as a result of interest rate cuts, say two separate reports. **Page 6**

BSB and Sky agree satellite TV merger

By Raymond Snoddy

BRITAIN'S multi-billion pound satellite television war came to an abrupt end last night as Mr Rupert Murdoch's Sky Television and British Satellite Broadcasting agreed to merge.

Both accepted that they were fighting each other to a costly standstill with joint costs already approaching £1bn and the possibility of profits years away.

The deal was reached after three weeks of secret negotiations in Australia, London and English country hotels retreats of senior executives.

Final details were being agreed last night at the offices of a London law firm.

The commercial battle which has involved public abuse, writs and incompatible competing technologies was ended with the help of an unidentified intermediary who brought both sides together.

As a result of the deal the entire operations of the two satellite companies will be combined in a new company called British Sky Broadcasting.

Sky and the existing BSB shareholders will each hold 50 per cent of the combined assets and obligations including debt and future investment.

Five joint channels will be created out of the two systems which, at present, total nine channels.

By the middle of next year either the BSB Squarial system will survive or it will be totally vanquished by Sky's 60 cm dishes. Consumers with the losing technology will have aerials and decoders swapped.

Mr Ian Irvine, deputy chief executive of Reed International, the UK publishing and information group, will become chairman of BSB in succession to Sir Trevor Holdsworth.

Mr Sam Chisholm, the Australian recently appointed as chief executive of Sky Television will be the new chief executive of the merged company in place of Mr Anthony Simonds-Gooding, the present chief executive of BSB. Mr Ian Clubb, the present Finance Director of BSB will deputy Chief Executive.

It is expected the director of programmes will be Mr Gary Davey, Sky's managing director.

It appeared last night that neither side had sued for peace or had offered surrender but that both were very pleased to get off a very expensive hook.

The initial talks took place between a standing committee of BSB shareholders – Mr Irvine, Mr Derek Lewis, Granada managing director, Mr Frank Barlow, chief operating officer of industrial group Pearson, which publishes the Financial Times, and Mr Eric Juilet of French conglomerate Chargeurs – and a Murdoch team led by Mr Andrew Knight, executive chairman of News International. When the talks made progress they were joined by Mr Murdoch himself.

The progress of BSB and of the satellite television revolution in the UK will now be guided by a powerful executive committee made up of Mr Murdoch, Mr Irvine, Mr Barlow and Mr Knight.

The four channels of Sky Television were launched in February 1989 and are still losing about £10m a month at a time when Mr Murdoch's global media empire is under pressure because of high levels of debt and growing recession in key economies. Sky claims to be in 1.66m homes in the UK and Ireland including cable television networks.

The five-channel BSB system was finally launched in April, more than six months late, after technical delays.

This week BSB claimed to be in its 750,000th home although only 120,000 of those are direct to the home on individual "squarials". The remainder are

Continued on Page 26

Electricity sell-off registrations top 6m

By David Thomas, Clare Pearson and Juliet Sychrava

MORE than 6m people have registered to buy shares in the 12 regional electricity companies, Mr John Wakeham, energy secretary, said yesterday.

"This promises to give a major boost to the government's efforts to deepen share ownership," Mr Wakeham said after the publication of the 800-page pathfinder prospectus for the privatisation.

In spite of growing worries of a recession, most of the companies to be floated next month unveiled optimistic forecasts of real dividend growth.

The 12 companies are forecasting combined dividends of £326.5m and pre-tax profits of £813.3m on a full-year basis for 1990-91.

Analysts are now expecting just over £5bn in equity proceeds from a 100 per cent sale of the companies, assuming a yield of about 8.5 per cent.

Most of the companies' profits will come from their core business of distributing electricity over local wires, which will remain a monopoly. They forecast stable growth in this area.

The prospectus also discloses that the companies' directors will receive a "privatisation bonus" of 12.5 per cent of their salaries once the sale is complete.

However, each company warns that factors such as exceptional weather conditions or increases in the oil price could affect profits.

Registration for shares in electricity is due to close on November 14.

Finance in the Family, Weekend FT, Page III

Howe resignation sparks wide-ranging cabinet reshuffle

Thatcher seeks to limit the damage

By Ivo Dawnay and Alison Smith

THE PRIME Minister yesterday sought to make the best of the turmoil generated by Sir Geoffrey Howe's resignation by completing an unexpectedly wide-ranging cabinet reshuffle.

Mrs Margaret Thatcher seized the opportunity to fill the gap in her government by moving Mr John MacGregor to the leadership of the House of Commons and replacing him in the high profile post of education secretary with Mr Kenneth Clarke, currently health secretary.

The move aims to strengthen the controversial education reform programme by substituting a conciliatory figure with a minister regarded by Downing Street as better able to take on Labour's expected assault on education policy at the next election.

The other significant change is the replacement of Mr Clarke at the Department of Health with Mr William Waldegrave, the Foreign Office minister of state now taking his first post in the cabinet. Sir Geoffrey's largely honorary title of deputy prime minister has been abandoned.

There was confusion, however, over whether Mrs Thatcher had first sought to bring back into her cabinet Mr Norman Tebbit, the former Conservative party chairman. Mr Tebbit, a hard-line supporter of Mrs Thatcher's reluctance to commit Britain to closer European integration, met with the prime minister

Howe resignation ....Pages 8,9
Divided Tories ....Page 10
Editorial comment .....Page 10

yesterday morning. Neither he nor Downing Street would comment on the meeting.

The reshuffle did little to dampen down the continuing furore surrounding Sir Geoffrey's resignation, caused by Mrs Thatcher's approach to Europe. This was in spite of strenuous efforts by senior ministers to quash speculation of an imminent challenge to Mrs Thatcher's leadership.

Ministers publicly closed ranks around the prime minister, while backbenchers appeared openly divided over whether there should be a contest. In private, however, cabinet ministers sharply criticised Mrs Thatcher's stance on Europe and her handling of her government. Yesterday's reshuffle was the fifth such switch this year, with three of the others forced on the prime minister by resignations.

The turmoil within the Tory party was quickly seized on by the government's opponents in an attempt to maximise the Tory's embarrassment. Mr Neil Kinnock, the Labour party leader, said: "The honest and logical thing to occur is for there to be a contest against Mrs Thatcher unless of course she quits first."

However, the opposition leader soon found himself in difficulties when he was widely interpreted as giving Labour's first whole-hearted endorsement to a single European currency.

Speaking on the BBC's Today programme, Mr Kinnock had suggested that he would be satisfied by adopting a new currency provided its

Continued on Page 26

Tony Andrews

Sir Geoffrey and Lady Howe leaving their London home yesterday

Sterling and shares steadied

By Peter Marsh, Economics Staff

THE GOVERNMENT acted firmly yesterday to support sterling and calm financial markets, which had shown signs of nervousness after Sir Geoffrey Howe's resignation.

A three-pronged operation by the government reversed the slide in the pound, which on Thursday had fallen by 2 pfennigs after Sir Geoffrey announced his departure.

Sterling recovered by about 1 pfennig, closing at DM2.9300 in London. Against the dollar it finished steady at $1.9510.

Action by the authorities also soothed the stock market. The FT-SE index closed at 2,030.7, up 2.7 on the day but down 32.4 over the week.

The government initiative started with Bank of England intervention in Tokyo to buy sterling. This was followed by reassuring words from Mr John Major, the chancellor, about the government's willingness to defend the value of the pound.

Speaking on BBC radio, he said the UK would use "a range of weapons" to keep the pound within its band in the European exchange rate mechanism.

In the third part of the operation, the Bank sent a signal to the money markets that the 14 per cent base rate would remain for the immediate future. It did this by lending £700m to the UK banking system at 14 per cent, rather than use the slightly lower interbank rate which would have been more usual.

Any likelihood of an imminent rate cut could have made sterling less attractive to foreign investors.

MARKETS

STERLING
New York lunchtime:
$1.951
London:
$1.951 (1.9515)
DM2.93 (2.9425)
FFr9.8375 (9.86)
SFr2.4775 (2.4875)
Y251.0 (254.5)
£ Index 94.2 (94.4)

GOLD
New York: Comex Dec
$378.0 (383.1)
London:
$376.0 (380.25)

N SEA OIL (Argus)
Brent Dec
$34.05 (34.65)

Chief price changes yesterday: Page 26

DOLLAR
New York lunchtime:
DM1.5025
FFr5.044
SFr1.271
Y128.65
London:
DM1.502 (1.5075)
FFr5.0425 (5.0525)
SFr1.2705 (1.275)
Y128.6 (130.45)
$ index 60.5 (60.8)
Tokyo close: Y129.1

US LUNCHTIME RATES
Fed Funds 8%
3-mo Treasury Bills:
yield: 7.29%
Long Bond:
$100\frac{31}{32}$
yield: 8.68%

STOCK INDICES
FT-SE 100:
2,030.7 (+2.7)
FT Ordinary:
1,570.7 (−1.4)
FT-A All-Share:
982.44 (−0.0%)
New York lunchtime:
DJ Ind. Av.
2,484.9 (+29.95)
S&P Comp
310.72 (+3.7)
Tokyo: Nikkei
24,194.99 (−100.17)

LONDON MONEY
3-month interbank:
closing $13\frac{11}{16}$ (same)
Liffe long gilt future:
Dec $83\frac{29}{32}$ ($84\frac{3}{16}$)

CONTENTS

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INTERNATIONAL NEWS

Californian voters take charge with trainload of propositions

Lionel Barber looks at Big Green, Big Stick and Big Willie as direct democracy spins out of control in the Golden State

BARRING the odd motorway shooting, the signs of popular unrest in California are not immediately visible. But next Tuesday, when voters elect a new governor, it is a racing certainty that they will approve a measure further dismantling representative government in the Golden State.

Proposition 140 limits state legislators to two terms in office (six years for assemblymen, eight years for senators), slashes individual budgets by 40 per cent, and scraps the pensions currently enjoyed by state senators and assemblymen. If there is a "throw the bums out" mood in the US, it is a downright revolution here in California.

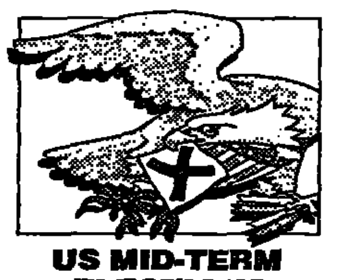
"The British House of Lords – even the Soviet legislature – has a higher turnover rate," Prop 140 declares. "It's time to put an end to a system that makes incumbents a special class of citizen and pays them a guaranteed annual wage from first election to the grave."

Senator Pete Wilson, Republican candidate for governor, supports Prop 140, but most of its original sponsors are tax-cutting conservatives such as Mr Pete Scharbarun, the bull-necked former college footballer who now chairs the Los Angeles board of supervisors. Like other Republicans, Mr Scharbarum sees Prop 140 as the best tool to break the Democratic stranglehold on the state legislature caused by gerrymandering and the huge fund-raising advantages of incumbents.

Mr Alan Heslop, professor of government at Claremont College, points to another force demanding change. In 1970, the state legislature in Sacramento was voted the model for the rest of the US. The idea of the professional politician was all the rage, he says, "but something went badly wrong."

Members of the 120-strong legislature have 3,000 professional staff; they travel first class out of state; they get free telephone and credit cards; and they earn, with perks, $75,000-$80,000 a year. But what makes ordinary Californians mad are little abuses by legislators, such as using sergeants-at-arms to take children to school, turn off home appliances and fetch cat food.

Sacramento is accused of being a do-nothing legislature beholden to special interests. Frustrated by the inability of elected representatives to tackle tough issues such as insurance and the environment, Californians have wrested control through the Citizens' Initiative Process



US MID-TERM ELECTIONS

made famous in 1978 by Proposition 13, which capped property taxes and started a national trend.

At present, only 8 per cent of the state budget is controlled by the legislature; the rest is put direct to voters through the initiative process. But this direct democracy is obviously spinning out of control. The November ballot alone has 28 initiatives, the highest since 1914, and runs to more than 220 pages. More than 40 railroad boxcars of paper will be needed to print the ballot pamphlet alone.

There are initiatives and counter-initiatives. Big Green, the 16,000-word environmental measure, is opposed by the agriculture lobby's Big Brown; Big Stick (to save ancient forests) comes up against Big Stump (the timber industry's alternative); and then there is Big Willie (the counter to Proposition 140 run by the flashy Speaker of the State Assembly, Mr Willie Brown, first elected 26 years ago.)

An entire industry has sprung up to feed off the initiative process. In 1988 alone, $130m (£67m) poured into the pockets of political consultants, advertising agencies and television stations.

Mr Kelly Kimball, the clean-cut, 33-year-old president of Kimball Petition Management in Santa Monica, has made a fortune by charging industry groups between 70c and $1.50 a head to gather signatures. "I like sticking it to them," he says of the legislature, "but the day they do their job, that's the day I'm out of business."

But even Mr Kimball concedes there is a touch of the Wild West about all this. "I don't believe the people should write their own laws, but I do believe we should have the right to mess things up."

Mr Bruce Cain, professor of politics at the University of California, Berkeley, says Prop 140 could badly damage California's ability to deal with complex new problems such as changing demographics, growth management and the environment in the 1990s.

"There is this romantic notion of going back to the amateur," says Mr Cain. "But can you imagine electing a prime minister with six years' experience? Most people in California have no idea how a bill is written."

Mr Cain calls Prop 140 crazy; but recently a radio talk show host, completely straight-faced, presented him with an even crazier idea: why not elect the legislature by lottery?

Gatt chief sees 'risk of losing everything' as trade talks face breakdown

Alarm bells ring for Uruguay Round

By William Dullforce in Geneva

THE ALARM bell was formally rung for the Uruguay Round trade talks yesterday.

With only 31 days left before trade ministers meet in Brussels to wrap up the ambitious four-year exercise in world trade liberalisation, the "risk of losing everything" has never been so present, warned Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade.

For the first time he specifically blamed the European Community for failing to table an offer to cut farm subsidies.

In negotiations on textiles and clothing, services, and agriculture, there was an alarming gap between objectives set by ministers and what was achieved, Mr Dunkel told a crisis meeting of the Trade Negotiations Committee (TNC), the round's governing body.

The meeting was called to assess the state of the talks. At a second meeting on Tuesday the TNC is scheduled to decide how to handle the situation. Before then Mr Dunkel had hoped ministers from leading trading nations would meet privately in Geneva to decide how to move the trade talks out of their impasse.

But the only weekend meetings scheduled are for ministers of the Cairns Group of 13 farm exporting nations, led by Australia, who will open their deliberations at an informal dinner tomorrow night.

Some of the group's South American members, notably Argentina, have threatened to quit the talks, unless assured of a farm reform deal.

Mrs Carla Hills, US trade representative, was reported to be ready to fly to Geneva for talks on Monday. EC officials said Mr Frans Andriessen, EC trade commissioner, would not make up his mind before Monday, when EC farm and trade ministers are scheduled to make their seventh attempt in three weeks to agree on an offer to reduce farm spending.

In detailing the state of the trade talks, Mr Dunkel said the absence of an offer to cut farm subsidies from the EC had prevented the start of any real negotiation on agriculture. Tabling of offers had to be completed in all areas or some offers already on the table would be withdrawn.

Mr Dunkel proposed the round's present negotiating structure, with 15 separate groups, be abandoned. From Wednesday the TNC should befocal point for talks, with chief negotiators responsible for eliminating points of divergence in each area.

Australians upset over Europe's 'delays'

By Kevin Brown in Canberra

THE Uruguay Round of the General Agreement on Tariffs and Trade (Gatt) could collapse because of delays in the presentation of the European Community's proposals for agricultural reform, Mr Neil Blewett, Australia's trade negotiations minister, said yesterday.

In his strongest criticism yet of the EC, Mr Blewett said the EC's failure to table formal proposals for the liberalisation of agricultural trade could leave Gatt with too little time to complete negotiations by the December deadline.

The failure of the talks would probably lead to a "disastrous" trade war which would be extremely damaging for the EC and the US as well as the smaller agricultural producers, he said.

Mr Blewett was speaking before leaving Canberra for Geneva, where he will chair a strategy meeting of the Cairns Group of 13 agricultural producer nations, which accounts for around a third of world agricultural exports.

The Cairns Group tabled proposals last month for a 75 per cent cut in agricultural producer subsidies and protective tariffs, and a 90 per cent reduction in export support payments, both over 10 years.

The US has tabled proposals which are broadly similar to the Cairns Group proposals, but EC agriculture ministers have failed on six occasions to reach agreement on counter proposals.

"Until the EC, as one of the major players in agriculture, agrees on a proposal upon which [it is] prepared to talk, there is nothing upon which we can negotiate. That is why the round is stalled, that is why the round may fail," Mr Blewett said.

"As agreement on agriculture is the key to the successful conclusion of all the negotiations, the Uruguay Round itself is endangered by the procrastination of the Europeans."

Mr Blewett said reports that the Cairns Group would withdraw from the Uruguay Round were "without foundation". But he refused to rule out withdrawal, which will be one of the options discussed at the strategy meeting on Monday.

"Everyone should be quite clear that it is the European Community which has thrown the round in crisis, not the Cairns Group or any other participant in the negotiations."

A Malaysian girl waves an African National Congress flag during a rally in Kuala Lumpur in honour of ANC leader Nelson Mandela, on a three-day visit.

Texans steak their claims

By Nancy Dunne in Washington

MR Jim Hightower, a diminutive Texas dynamo in cowboy hat and boots, shoots out puns and barbs with deadly accuracy in what may be the fastest drawl in the west.

But the colourful Democratic state agriculture commissioner pays little more attention to his opponent in the race for his job, a youthful state legislator named Mr Rick Perry, than he would to a yapping chihuahua in his path. He reserves most ammunition for the Uruguay Round and Bush administration officials who are "going behind the backs of Congress to destroy the family farm system".

He says the administration knows full well that "its agriculture position is not supported by America's farmers, ranchers, consumers or environmentalists."

Mr Hightower, a former journalist, has become the most high-profile state agricultural official in the country, but some of his positions have drawn heavy fire from constituents. During one US-EC trade dispute – over the Community's ban on beef produced with hormones – the commissioner undercut the administration by setting up an inspection system so Texas ranchers could sell "clean meat" to the EC.

Calling it a niche market, he declared: "There's more at stake than steak, and a whole lot more at stake than growth hormones."

When re-election time came around, beef and agribusiness interests and the conservative Texas Farm Bureau looked around for a Republican to oust their nemesis.

Their first choice, Mr Nolan Ryan, a star baseball pitcher who lives on a farm, had to decline when he renewed his multimillion dollar contract with the Texas Rangers.

Their second selection, Mr Perry, a telegenic cattle rancher and farmer, reminiscent of Vice-President Dan Quayle, has attacked Mr Hightower for his support for crop rotation (blueberries, pinto beans and wines).

An exuberant campaigner, he bounces into the lounge of the Dallas airport reserved for private jets, and removes one shoe to display its comfortable sole – he is more used to cowboy boots, of course. He says he hates government farm programmes and suggests they are somewhat communistic.

"It galls my tail for them to tell me 'Here's what you're gonna plant, here's where you're gonna plant it'."

Mr Perry has also defended the Uruguay Round. Texas beef producers can compete with anyone in the world, he says, "and the EC would have to take our beef because we're going to deliver a better, high quality product."

However, he doesn't back the entire US plan to phase out all farm programmes worldwide. Dairy farmers, he says, should be excluded. "The Texas dairy industry is working quite well. I'm really afraid to start tinkering with their business."

British seek German business

By David Marsh in Bonn

A TEAM of senior British businessmen from the energy industry will visit Bonn and Berlin next week to explore ways of building up UK involvement in power generation and transmission in east Germany.

The industrialists, staying in Germany between November 6 and 9, are interested in a share of the large investments in the east German electricity and gas sector likely to be undertaken in coming years.

The executives, who are holding talks with the Economics Ministry in Bonn, include representatives of British Gas, National Power and Hawker-Siddeley, which supplies generators for power stations. Construction companies in the delegation include Costain, Balfour Beatty (part of the BICC engineering group), Wimpey, and Mowlem, which is already involved in an east German construction link-up.

British Steel is also sending a senior manager on the trip.

British involvement in the restructuring of the east German economy has been slight up to now, with the main activities centred on British banks and consulting companies opening up offices in Berlin.

Mr Detlev Rohwedder, the chief executive of the state Treuhand privatisation agency, has however agreed to help organise a seminar on east German business opportunities, to be held in London at the beginning of next year.

The seminar, being arranged with the Department of Trade and Industry, is intended to give British industry greater opportunities of establishing a foothold in east Germany.

● Germany wants to strengthen ties with Czechoslovakia without dominating its smaller neighbour economically, the German foreign minister, Mr Hans-Dietrich Genscher, said yesterday, Reuter reports from Prague.

The two countries are discussing a new treaty on relations to replace a 1973 accord negotiated with Bonn following the Warsaw Pact invasion of Czechoslovakia in 1968.

"We want to arrive at a comprehensive agreement," Mr Genscher said after talks with President Vaclav Havel, prime minister Mr Marian Calfa and foreign minister Mr Jiri Dienstbier.

Thrift rescue agency to stay in business

By Peter Riddell, US Editor, in Washington

THE federal agency responsible for the rescue of the US savings and loan ("thrift") industry is being allowed to exploit a loophole in the law to carry on operating at a reduced rate until early next year. This follows Congress's failure to approve additional funds before it adjourned last weekend.

Nevertheless, the cost of the rescue to US taxpayers will still be increased by $250m-$300m as result of Congress's inaction, according to Mr Peter Monroe, the president of the oversight board of the Resolution Trust Corporation (RTC). This sets policy for the RTC, which handles the rescue and has virtually run out of money.

The oversight board, chaired by Mr Nicholas Brady, the treasury secretary, voted to allow the RTC to exploit a drafting error in last year's law setting up the rescue. The law had meant to put a cap on the level of borrowings by the RTC related to the value of assets, but the mistake removes the cap, freeing an additional $8bn-$10bn to cover the costs of closing and disposing of another 83 failed thrifts plus funds for the agency's operating costs.

This action may be challenged in the courts and opens up further conflict with congressmen critical of the cost of the rescue.

An RTC spokesman said: "This gets us moving, but the ship doesn't get to full power until Congress acts again" (after its return in mid-January). Congress will have to act immediately if the rescue is not to come to a complete halt in February.

If the oversight board had followed the law strictly and waited for new Congressional authorisation next March, the additional losses could have been $600m-$700m. By exploiting the loophole around $400m (£206m) may have been saved.

While additional stopgap funding was approved by the Senate, the measure stalled in the House of Representatives. This followed a dispute between the Treasury and the House Banking Committee and a blocking manoeuvre by Democratic Congressman Frank Annunzio, who faces a tight re-election fight in his Chicago district because of his close links to the savings and loan industry.

The rescue is unpopular with voters.

Gorbachev's currency decree

By Leyla Boulton in Moscow

PRESIDENT Mikhail Gorbachev yesterday issued a decree ordering Soviet enterprises to surrender 40 per cent of their hard currency earnings next year to help repay the Soviet Union's foreign debt. The decree, published by Tass last night, said enterprises would be required to sell the hard currency, earned from exports, to the state-run Bank for Foreign Economic Relations (Vneshekonombank) at the new commercial rate for the rouble.

This stands at 1.66 roubles to the dollar, compared with the official rate of 0.55 to the dollar.

The country's foreign debt is estimated at about Rbs36bn.

Ninety per cent of what remains will be earmarked for an all-union currency fund created by the decree, while the other 10 per cent will be given to republican funds. However, companies with foreign capital will be exempt from the requirement to contribute funds for debt repayment or pay into the various funds.

The decree is the latest issued under the president's new emergency powers to institute economic reform.

The idea of a currency fund is part of economic reform guidelines adopted by the Soviet parliament last month but it remains to be seen whether the decree will be accepted by increasingly independent republics and enterprises.

A special currency committee run jointly with the republics to co-ordinate the country's foreign currency and import policy, and distribute scarce hard currency resources to priority areas.

Moscow is to revert to its pre-revolutionary street names, shedding Marx and Andropov and introducing General de Gaulle and Martin Luther King, Leyla Boulton writes.

Interfax news agency reported yesterday that the radical city council decided to rename streets and squares as they were in tsarist Moscow, with a few innovations. Indeed, an airport road named after Mr Yuri Andropov, the late Soviet leader and KGB chief, was built well after the 1917 Bolshevik Revolution, so it has no old name to revert to.

Interfax said that two squares would be named after General de Gaulle and Martin Luther King but did not give details.

The council, irritated by the Kremlin's attempts to stop anti-Communist demonstrations on next Wednesday's 73rd anniversary of the Bolshevik Revolution, also endorsed two alternative marches.

Radical deputies have already arranged to hold their own demonstration.

Tirana seeks western help on oilfields

By Laura Silber in Tirana

ALBANIA is seeking western help to explore its underdeveloped oilfields – a radical shift from the authorities' previous shunning of outside assistance.

Signs of a more flexible policy emerged last month following a visit by a US delegation led by Mr Michael Kennedy, chairman of the Boston-based Citizens' Energy Corporation. Along with geologists from Unical and Pitts, and the British-based Lasmo company, the delegation will investigate the exploration of both offshore and onshore oil reserves.

Until recently, it was considered treacherous to seek foreign investment or credits. But Mr Ramiz Alia, the president and head of the ruling Albanian Party of Labour, appears to be adopting a more flexible economic policy in the light of growing shortages of food, consumer goods and spare parts.

Because of wastage and insufficient exploration, Albania is unable to make use of its 2m tons of refining capacity.

Shell, British Petroleum, Agip, Elf-Aquitaine and Denemex also held talks with Albanian officials aimed at boosting the country's production. Albania's annual crude oil output is estimated at 900,000 tons. Mr Armand Hammer, president of Occidental Petroleum, also appears interested after he held talks with Mr Alia in New York last September.

● Britain said yesterday it would discuss restoring diplomatic relations with Albania at a meeting in Rome next week.

Six die in clashes in Soviet republic

By Leyla Boulton

SIX people yesterday were killed in the Soviet republic of Moldova (Moldavia) following clashes between police and armed civilians, the official Tass news agency reported. The clashes coincided with the imposition of a state of emergency in the republic's Russian-populated cities which do not want independence from Moscow.

Tass quoted the deputy mayor of the breakaway Russian-speaking town of Dubossary as saying six people had been killed and 30 injured in gun battles near the town. It gave no further details of the clashes.

It was unclear whether the armed "volunteers" were from the republic's ethnic Russian minority or the Romanian majority.

Tass gave no details about or explanation for the state of emergency. The parliament of Moldova, which wants to create an independent state, has been cracking down on separatist minorities.

Russians living in eastern Moldova declared their own republic of Dniester within the Soviet Union this summer. The Moldovan leadership has already declared a two-month state of emergency in southern areas inhabited by a Turkic minority which also wants to break away.

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INTERNATIONAL NEWS

US commander in Gulf urges cautious line

By Peter Riddell, US Editor in Washington

GENERAL Norman Schwarzkopf, commander of the US forces in the Gulf, spoke yesterday of alternatives to military action against Iraq.

In an interview with the New York Times, Gen Schwarzkopf said: "There are alternatives to destroying Saddam Hussein or his regime. I like to think that the ultimate objective is to make sure that we have peace, stability and a correct balance of power in the Middle East, so that all nations can continue to prosper without fear of being attacked or blackmailed by a neighbouring state. There are many ways you can accomplish that.

The same theme was taken up by Senator Sam Nunn, the influential Democratic chairman of the Senate Armed Services Committee. He warned that war would "be bloody, costly and we ought to give every other option – including the embargo – a chance to work."

These comments were made as Mr James Baker, the US Secretary of State, prepared to leave today for a trip to the Gulf and Europe where he will seek to bolster the anti-Iraq coalition and discuss contingency planning for war, including the command and control of the multinational forces. He will meet Soviet President Mikhail Gorbachev.

President Bush, on a five day campaign across the US ahead of Tuesday's mid term elections, has sought to focus the attention on the seriousness of the crisis after the distractions of the month long budget crisis.

His message has been deliberately ambiguous, alternating between saying his patience is wearing thin over the plight of the hostages and hoping that a peaceful solution can still be found.

The mixed signals and changed emphasis from day to day reflect a desire not to be boxed in to any particular timetable or course of action as well as the fact that decisions have not yet been taken.

David Marsh adds from Bonn: The Bonn government was yesterday trying to muster international support for the planned "humanitarian" mission to Baghdad next week by Mr Willy Brandt, the former Social Democrat chancellor.

Mr Brandt is planning to travel to Iraq on Monday to try to secure the release of hostages from Germany and other countries. Mr Javier Pérez de Cuéllar, the United Nations Secretary General, has turned down the suggestion by Chancellor Helmut Kohl that Mr Brandt should travel as an official UN emissary.

The Bonn government is trying to clinch agreement for Mr Willy de Clercq, the former Belgian EC Commissioner, and Mr Emilio Colombo, the former Italian Prime Minister, to accompany Mr Brandt. SPD officials, however, said yesterday that Mr Brandt expected to go alone in a "private" capacity.

Militants killed in new temple clashes

By K K Sharma
In New Delhi

POLICE yesterday shot dead at least five Hindu militants attempting to approach the Babri Mosque at Ayodhya where they want to build a temple to the god Ram.

Officials said five were killed but news agencies reported about 15 deaths. This is the second time police have fired on the militants, the first being on October 30 when the mosque was stormed by Hindu zealots and partly damaged.

Hindu-Moslem clashes continued yesterday for the fifth day in the states of Uttar Pradesh, Gujarat, Bihar, Karnataka and Andhra Pradesh.

At least 20 more were killed yesterday in the violence sparked by attempts to build the temple, taking the death toll in the last four days to more than 120.

With the thousands of Hindu militants gathered in Ayodhya determined to make further attempts to storm the mosque in the next few days, tension is expected to increase throughout the country.

Events in Ayodhya have led to a serious political crisis with the Hindu fundamentalist Bharatiya Janata party (BJP) withdrawing support from Mr V. P. Singh's minority National Front Government. The Prime Minister has been forced into seeking a confidence vote in parliament next week.

Mr Singh is himself threatened within his own Janata Dal party, the main constituent of the National Front. Four more members of parliament have supported a move by three senior ministers for a change of party leader.

The presidium of the National Front met yesterday and adopted a resolution ruling out an alliance with Mr Rajiv Gandhi's opposition Congress, but this is not expected to deter dissidents in the Janata Dal who want Mr Singh replaced as the party's leader before the confidence vote.

An attempt to elect a new leader is expected to be made when the Janata Dal parliamentary party meets on Monday. Party members are being offered the bait of avoiding early general elections since the Congress party has promised "constructive support" to a government if Mr Singh is replaced as prime minister.

● Pakistani security forces moved to protect Hindu temples yesterday as thousands of Moslems protested after Friday prayers at attacks on Indian Moslems, Reuter reports from Karachi.

Pakistan's outgoing Prime Minister Ghulam Mustafa Jatoi on Thursday accused India of failing to protect India's 100m Moslems and prevent Hindus damaging the Ayodhya mosque.

Police armed with canes charge Hindu militants in Ayodhya yesterday

Big fall in Japan's capital outflow

By Stefan Wagstyl in Tokyo

JAPAN'S net capital outflow, a dominant feature of world financial markets since 1985, dropped in the six months to the end of September to its lowest level for five years.

The figure for the period, the first half of the 1990 financial year, fell to $26bn from $47.3bn in the previous six months.

The main reason behind the decline has been the fall in net investment in foreign securities by Japanese institutions. Fund managers have cut foreign investments in order to take advantage of increases in interest rates on Japanese yen instruments. Some have also sold overseas holdings in order to cover the enormous losses sustained in this year's fall in the Japanese stock and bond markets. The net outflow has also been reduced by increased investment in Japanese bonds by foreign investors.

Most private sector economists in Tokyo do not expect the net outflow to shrink much further, given a continuing desire by Japanese institutions to invest overseas to maintain their weightings in foreign assets. But they think it unlikely the flow will quickly resume the high levels reached in the late 1980s, when an expansion of direct investment by industry coincided with a surge in portfolio investment in securities.

The net outflow peaked at $144.7bn in the financial year ended March 1987. This year's level is similar to the financial year ended March 1985, when the net outflow totalled $54.2bn.

The half-year figures were released yesterday by the Ministry of Finance along with balance of payments statistics for September.

In September, the balance of capital flows actually showed a net inflow into Japan of $5.7bn, compared with an outflow in August of $4.8bn. Japanese investors were net sellers of foreign stocks and bonds, while net purchases of Japanese bonds by foreigners soared. Months which have seen net capital inflow have been rare since 1985 – though there were two last year – March and December.

The September current account surplus fell 24 per cent to $4.6bn. Exports rose 6 per cent to $25.1bn but imports rose faster, by 9.9 per cent to $17.4bn. The deficit on invisible trade widened sharply to $2.1bn due to an increase in overseas travel. There was also a $900m transfer of government funds to the Gulf Co-operation Council.

NEWS IN BRIEF

Japanese terrorists kill policeman

A bomb planted by left-wing guerrillas who have vowed to disrupt Japan's imperial enthronement ceremonies in 10 days' time killed one policeman and injured six in Tokyo, Reuter reports from Tokyo.

The government swiftly responded, saying it would tighten its grip on the capital where police are already mounting their biggest security operation in the run-up to the ceremonies.

One bomb went off late on Thursday at a five-storey block of flats for unmarried policemen in central Tokyo's Shinjuku district. A second exploded about five minutes later when people gathered to see what was going on. One officer was killed, the first policeman to die in a guerrilla attack since 1977.

Belgrade asserts authority

The Yugoslav government yesterday acted to stop the trade war between the republics of Serbia and Slovenia and to ensure that federal law prevails, Reuter reports from Belgrade.

Tanjug news agency said the government had decided to press criminal charges if federal laws were violated. It did not say who would face the charges.

Communist-ruled Serbia, the biggest republic, has imposed taxes on imports from the republics of Croatia and Slovenia, which have ended Communist rule and want more independence. This week Slovenia's parliament passed laws taxing livestock, milk and meat products from other republics.

Finland scraps exchange controls

The Bank of Finland said yesterday foreign exchange controls would be abolished from next January except for those covering loans raised abroad by private individuals and companies, writes Robert Taylor in Stockholm.

Restrictions on short-term capital movements would also be lifted, as would the ban on sale abroad of bonds issued before February this year.

The moves followed the bank's decision on Thursday to halt trade with the Soviet Union because of confusion over exchange rates set by Moscow last week.

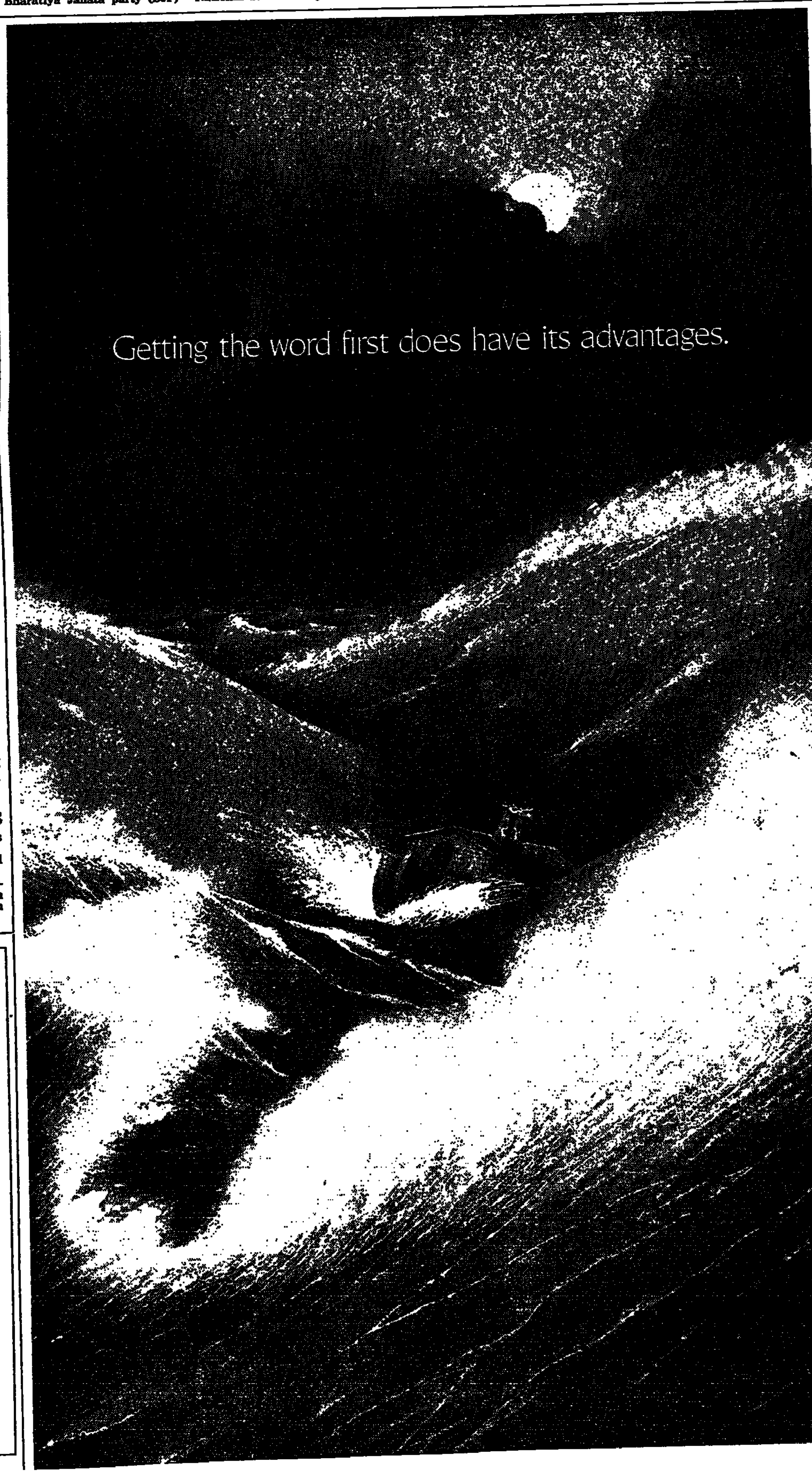
Finland operates a clearing house trade system under which the Soviets export mainly oil and gas to Finland in return for Finnish industrial products. Earlier this year the Soviet authorities said they wanted to scrap the trading arrangement.

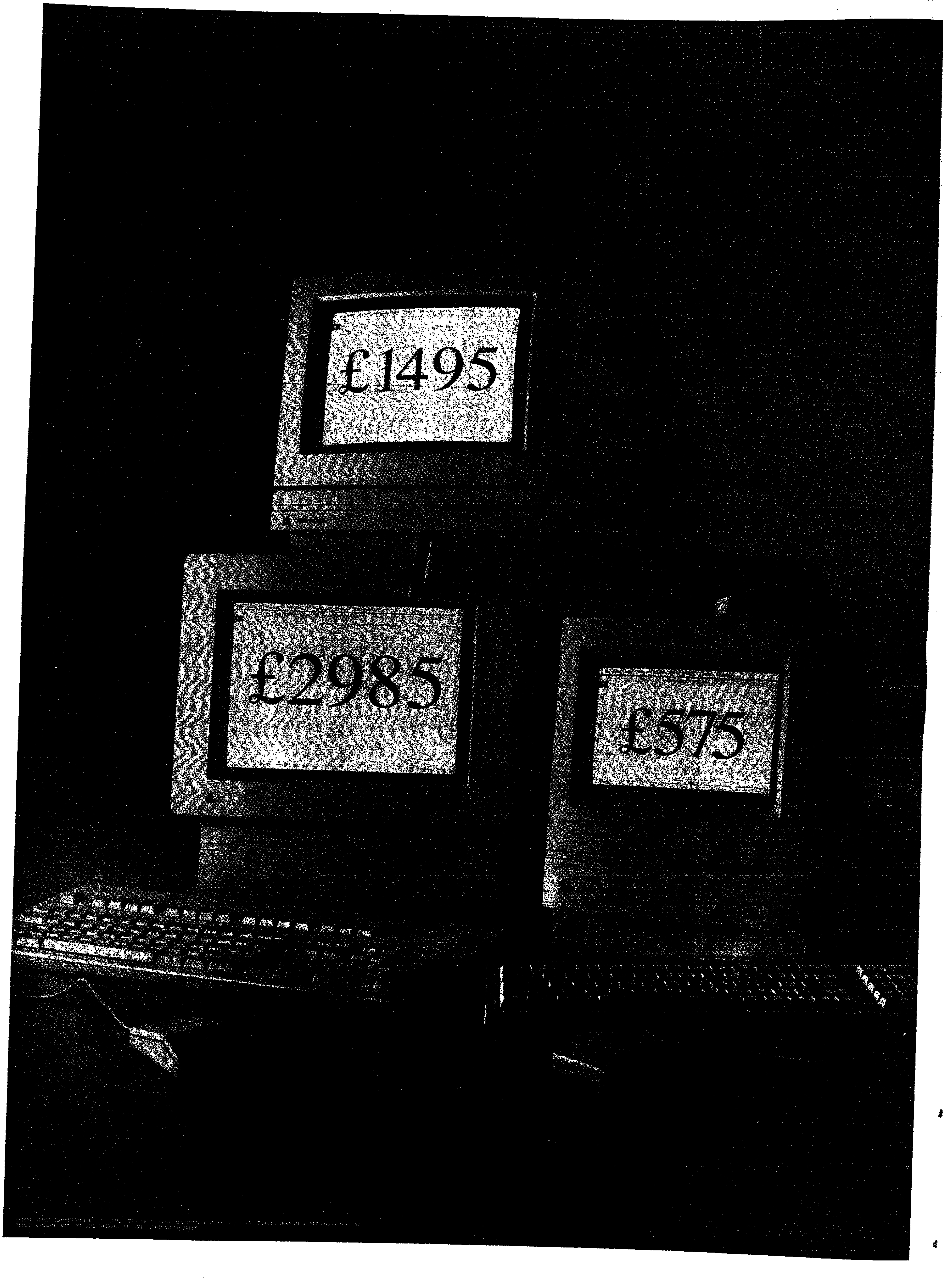
Mongolia to give away state assets

Mongolia's new-look socialist party plans to give away state assets in equal lots to every citizen, Reuter reports from Ulan Bator.

"We have no time to lose to transfer to a market economy," said Deputy Prime Minister D. Dorligjav.

State-owned factories, enterprises and some land would be parcelled up into lots and distributed equally to all of Mongolia's 2m people, making them instant shareholders under a law which could be passed before the end of the year.

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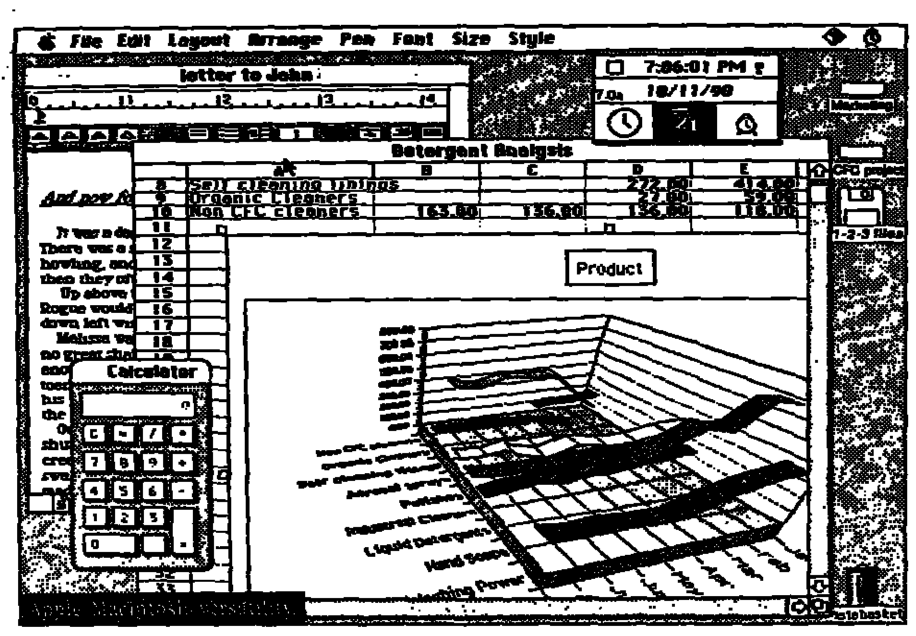

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Universities are advised to tighten rules on admission

By Norma Cohen, Education Correspondent

UNIVERSITY HEADS are being advised to set tougher admission standards for students next year in order to limit enrolment as government funding has become uncertain.

After an emergency meeting yesterday, the governing council of the Committee of Vice-Chancellors and Principals said: "Universities will be advised to look carefully at their admissions targets. The academic standard required from candidates for entry may have to be raised to avoid too large an entry."

The CVCP said it was issuing the guidance in response to the University Funding Council's decision last week to abandon its complex system under which universities "bid" for funds.

The bidding system, seen as a government effort to bring market forces into higher education, was intended to encourage universities to expand their numbers while cutting the cost of educating each student.

In four-year plans submitted last June, universities offered to expand enrolment by 19 per cent to 363,000 by the 1994-95 academic year.

However, the system also required universities to compete fiercely on price – something which they refused to do. While the UFC had hoped vice-chancellors would offer to educate students for a lower cost than the government's "guide prices", the universities almost unanimously refused.

Some 93 per cent of bids for places were at the official guide prices and the rest were only marginally below that. The CVCP has denied its members operated a cartel.

The CVCP council also asked the UFC to continue to consider the universities' four-year development plans, even if it is not willing to fund them fully.

Sir Edward Parkes, CVCP chairman, will also write to the education secretary seeking a clarification of the government's policy of expanding access to higher education and the source of funds to pay for it.

University chiefs suspect the government may wish to withhold funds for expansion in order to force universities to impose fees on students.

In a letter yesterday to the UFC, Sir Edward said he could not understand the council's disappointment at universities failing to bid below guide prices for student places.

"In bidding, universities were specifically enjoined by the UFC to take into account a wide range of infrastructure costs associated with expansion including most capital costs," he said.

Steep house price rise seen as unlikely

By Andrew Taylor, Construction Correspondent

HOUSE prices are unlikely to rise sharply as a result of interest rate cuts, according to two reports published yesterday. They suggest that prices should more than double during the next ten years.

Mr Jim Birrell, chairman of the Council of Mortgage Lenders and chief executive of Halifax Building Society, said there was no risk of a house price explosion "even if the downward trend in interest rates was maintained".

Housing was likely to remain a buyers' market, said Mr Birrell at the council's annual meeting in London.

A joint report by the Centre for Strategic Studies in Construction at Reading University and by Cambridge Econometrics yesterday forecast that the average price of a new house would more than double by 2001.

It expected prices of new houses to rise on average from £75,000 in 1989 to £160,000 by the beginning of the next century.

The short-term outlook for the UK economy and the construction industry was not encouraging, the report said. However, prospects were expected to improve from 1992.

Construction output between 1991 and 2001 was forecast to increase by an average of 3 per cent a year.

The outlook for the private housing sector was the most encouraging, said the forecasters. By 2001 new private housing output was expected to be 70 per cent higher than in 1990.

That recovery from the current housing slump would be stimulated by falling interest rates, according to the report.

It predicted that the high growth regions for construction in the next decade would be the east Midlands, south-west England and East Anglia.

● Builders started work on 12,300 new homes during September, almost 17 per cent fewer than during the corresponding month last year, according to figures published yesterday by the Department of the Environment.

However, the number of private-sector starts over the three months to the end of September was 2 per cent higher than during the previous three months.

Saying it with flowers: Mr Seyed Shamseddin Khareghani, Iranian chargé d'affaires, pictured with Dr Mohammad Khan, the Pakistani high commissioner, when the Iranian embassy in London reopened yesterday after an 18-month break in diplomatic relations between the UK and Iran over the Salman Rushdie affair. Pakistan had looked after Iran's interests in London.

Total ban sought on dumping waste at sea

By John Hunt, Environment Correspondent

A GLOBAL agreement to prevent all dumping of waste in the sea was proposed by 43 countries yesterday at the end of a week-long meeting of the London Dumping Convention.

Their resolution called for a global mechanism to co-ordinate protection of the marine environment against all forms of pollution. It would form part of a convention to prevent global warming which will be given its final shape at a world environment conference in Brazil in 1992.

Yesterday's proposal would extend the powers of the London Dumping Convention, a UN organisation with 64 member countries, by banning waste originating from land being dumped at sea. At the moment the convention controls only dumping from ships.

An estimated 80 per cent of sea pollution originates from land and includes industrial and chemical waste carried by rivers, and sewage discharged into the sea.

Although there are several regional agreements on sea dumping – such as the North Sea Conference – there is no all-embracing pact and many loopholes exist.

Environmental groups have criticised the convention, and described it as a "dumpers' club". But yesterday Mr Remi Parmentier, head of the Greenpeace group observing the proceedings, said that the London meeting, held at the International Maritime Organisation, was a success. "The convention has shown that it wants to protect the oceans, not just regulate them," he said.

Earlier in the week, the convention agreed to a moratorium on the dumping of nuclear waste under the seabed from ships. Yesterday, however, the Ministry of Agriculture, Fisheries and Food, which negotiates for Britain, made it clear that the UK wanted to retain the option to dump nuclear waste.

There are no plans for Britain to use the method, but the government believes it is wrong to relinquish the option until it is known which form of deep disposal is the most effective and safe.

NEWS IN BRIEF

Shell and Esso raise petrol prices

SHELL and Esso, Britain's biggest petrol retailers, announced yesterday that their petrol pump prices were to rise by 4.5p a gallon (1p a litre), writes Steven Butler.

The companies will raise prices to 222.3p a gallon. Esso's will take effect today, Shell will put up prices on Monday.

The increases reflect the rising price of petrol on the Rotterdam spot market, where cargoes of petrol are traded.

Other oil companies are expected to introduce similar price rises.

Slowdown in Ulster

THE SLOWDOWN in the British economy is affecting businesses in Northern Ireland, according to a survey yesterday by the Confederation of British Industry (Northern Ireland).

The study showed a sharp decline in optimism in the province's economy after a period of buoyancy. The slowdown in the past two months led to 29 per cent of responding companies reporting a fall in confidence.

Lower demand, an intensive squeeze on profit margins and continuing high financial costs were blamed for making trading conditions difficult.

Car workers laid off

A TOTAL of 800 Rover Group car workers were laid off yesterday after 60 employees in the spares section at the company's stores department walked out over the "suspicious" death of a colleague.

Police said they were treating the death of Mr Martin Hollingsworth, a stacker driver who was found injured near his vehicle, as suspicious.

Rover said 800 workers in the body assembly plant had been laid off because of a lack of spares.

Union wants inquiry

The TGWU general workers' union yesterday demanded a public inquiry into the cost of abolishing the National Dock Labour Scheme.

Its call follows a report by the National Audit Office this week that the government is likely to pay more than £135m in compensation to redundant dockers, which is more than five times the £25m estimate it made to parliament in 1988.

Shortlist for chief

THE Welsh Development Agency has drawn up a shortlist of six names for a chief executive to succeed Mr David Waterstone, who returned to the private sector in September.

It is understood that at least one person listed is running a company abroad.

Minister asks for A-levels assurance

By Norma Cohen

MR JOHN MACGREGOR, education secretary until yesterday's reshuffle, has asked government advisers for assurances that proposals aimed at broadening A-level study will not undermine content or reduce depth of study.

Mr MacGregor, speaking at a school in his South Norfolk constituency, said some changes in A-level study might be necessary because the current system was too narrow and specialised. However, he underlined his reluctance to authorise any revisions to A-levels without assurances that standards would remain unchanged.

The Schools Examination and Assessment Council, the government's advisory body, is considering responses to its complex proposals on A-level reform. Among its most contentious proposals, the council has suggested that A-level syllabuses be rewritten to include so-called core skills.

The syllabuses would be revised in order to ensure that all A-level study incorporated skills such as problem solving, the use of information technology, communication skills and knowledge of a foreign language.

The proposal has provoked strong criticism from the Headmasters' Conference, which represents many independent schools.

Mr MacGregor said yesterday the government was not committed to the proposals and that he had particularly encouraged the conference to set out its views.

In a directive to the examiners' council yesterday, Mr MacGregor asked to see concrete examples of how core skills could be woven into the curriculum without watering down course content.

He said that, while he believed that curricula could have greater breadth without sacrificing depth, he wanted the government's advisory bodies to demonstrate this "beyond doubt".

Mr MacGregor also said he was considering a proposal from the Business and Technical Education Council that would make their and other vocational courses more broadly available for students aged from 16 to 19.

The proposal included setting up a system of credit transfer, allowing students to move more easily between academic and vocational study.

Howard hears nurses defend 13% pay target

By Lisa Wood, Labour Staff

THE Royal College of Nursing yesterday told Mr Michael Howard, the employment secretary, that nurses' pay deals followed rather than led other pay settlements. Its comments reflect disquiet over a government submission on nurses' pay.

Nursing organisations, including the college, are seeking pay increases for their members that would add 13 per cent to the total nursing salary bill. The government says in its evidence to public sector pay review bodies that the underlying inflation rate is 7 per cent and pay increases for review body groups should not be excessive.

Miss Christine Hancock, general secretary of the college, said in a letter to Mr Howard that the college believed that constraints on public sector pay were not an effective mechanism for restraining wage growth in the private sector.

"Neither do we agree that nurses' pay will become a benchmark or pacesetter for public sector pay more generally," she said.

"If, however, in pursuit of a broader economic strategy, nurses' pay and midwives' pay was pegged at a lower level than the rate necessary to improve recruitment and retention, the government's health and social policy objectives, as encompassed in the NHS reforms, will be compromised."

Union call for strike at GPT

By Michael Smith, Labour Correspondent

UNION LEADERS yesterday called on more than 900 employees of GPT, the telecommunications venture, to start an indefinite strike over working hours later this month.

The strike, planned at GPT's Liverpool factory, would be the first action over hours at a large engineering company for five months.

The Confederation of Shipbuilding and Engineering Unions (CSEU), which is co-ordinating the campaign on hours, said the GPT stoppage would begin on November 23 unless there was progress in the dispute.

It would involve all manual workers and some white-collar workers who worked a 39-hour week.

Unions also ordered a strike ballot among more than 500 manual workers at Midland Electric Manufacturing (MEM) at Tyseley, near Birmingham.

Both GPT's Liverpool factory and MEM have offered shorter working weeks, but neither offer has satisfied the unions.

The CSEU said workers at MEM resented the company linking the reduction in hours to the annual pay offer. Union negotiators said the productivity concessions demanded by GPT were too onerous.

The unions say they have negotiated more than 1,200 working-week deals, covering 500,000 workers, since they began a strike campaign a year ago. In most cases the standard working week is being reduced by two hours to 37 hours. The unions' eventual target is 35.

● Manual workers at Jaguar, the car maker, are likely to be balloted next week on a 12.5 per cent pay offer following a series of meetings yesterday among shop stewards.

Management has been growing increasingly frustrated over what it saw as union delays in organising the vote among 9,000 blue-collar workers. The deal, which includes widespread changes in working practices and may face shopfloor resistance, was negotiated and recommended by union negotiators two weeks ago.

Drug licensing timescale is cut

THE Medicines Control Agency, set up by the government last year, has cut the average time taken to license new drugs in the UK from 23 months to 15 months, Mr Kenneth Clarke, then health secretary, said yesterday, writes Clive Cookson.

Mr Clarke was speaking at the first public meeting of the MCA, which took over the functions of the medicines division in the Department of Health.

One of the pharmaceutical company delegates at the meeting, Dr John Heap, medical director of Evans Medical, said: "The new structure of the MCA is an enormously welcome change and we are already beginning to see the effects."

Sinn Fein wins by-election after councillor is barred

By Our Belfast Correspondent

SINN FEIN, the IRA's political wing, yesterday won an Ulster by-election caused by the disqualification of one of its members who was later shot dead.

Mr Francis Molloy survived a recount to hold the Dungannon district council seat by six votes from Mr Joe Gervin of the Social Democratic and Labour Party.

The by-election was caused by the disqualification for three months in August of Sinn Fein councillor Martin McCaughey for failing to attend council meetings.

It was later disclosed after he was shot dead by soldiers in Loughgall, County Armagh, that he was a member of the IRA, and that he had been absent from meetings because he was injured when a terrorist gang confronted security forces in County Tyrone.

● The IRA yesterday murdered a part-time sergeant-major in the Ulster Defence Regiment. Mr Albert Cooper was killed when a booby trap device exploded under a car in his commercial garage in Cookstown, County Tyrone.

Underlying currency and gold reserves fall by $78m

By Edward Balls

THE UK's underlying gold and foreign currency reserves fell by $78m in October, official figures disclosed yesterday.

The fall, which represented the third consecutive monthly decline in underlying reserves, was slightly below market expectations.

It followed a $344m decline in September.

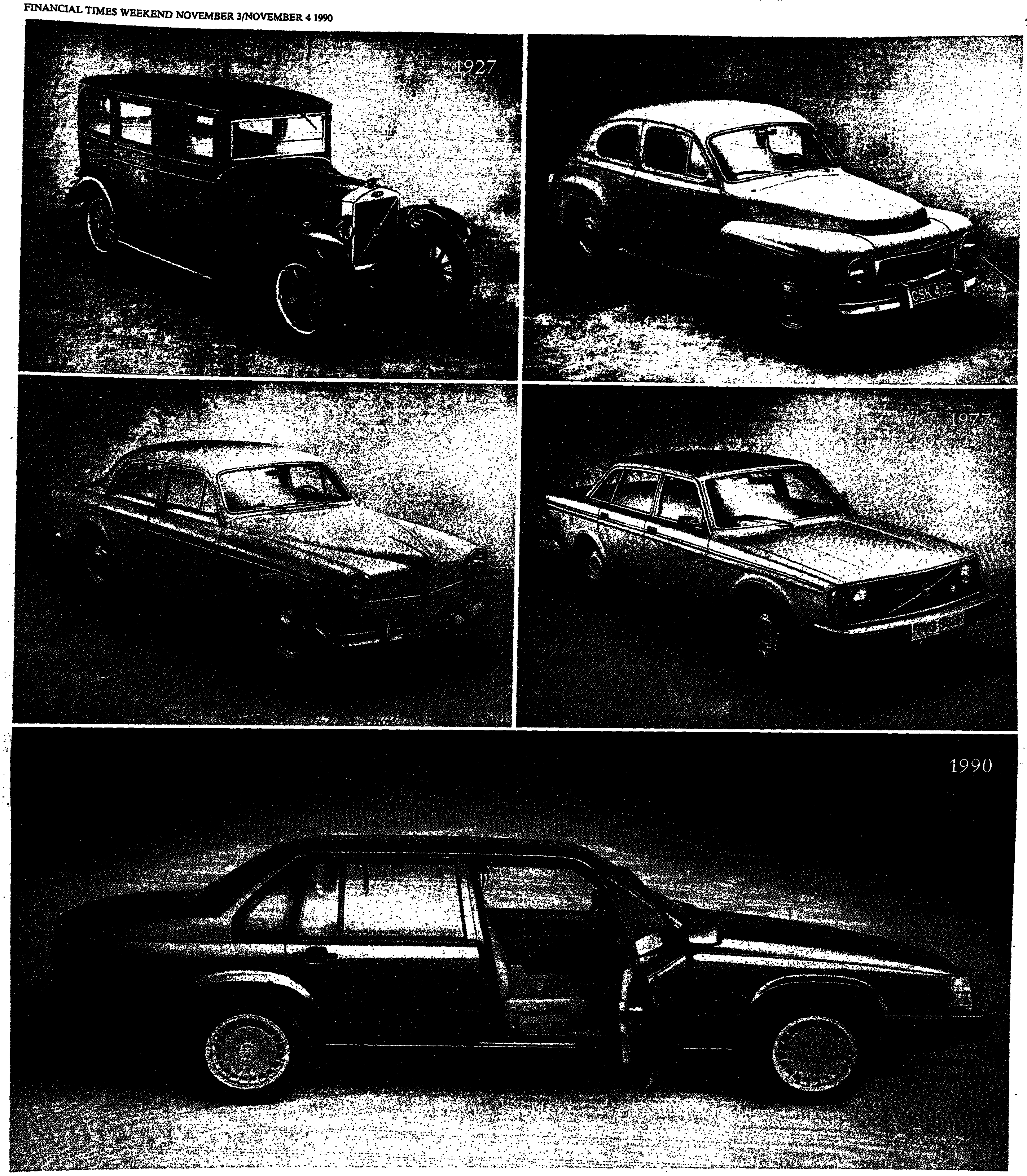
The change in the underlying reserves is used by economists to estimate the extent to which the Bank of England intervened on the foreign exchange markets to influence the value of sterling.

Although other factors can influence the reserves, the fall could indicate that sales of sterling, to hold down the pound's initial rise after Britain entered the European exchange rate mechanism last month, were offset by purchases of sterling later as the pound fell back.

The figures for last month cover the period up to October 29 before the rise in the key German Lombard rate and the resignation of Sir Geoffrey Howe as deputy prime minister put downward pressure on sterling.

Britain's official reserves of gold, foreign currency, special drawing rights, and European currency units fell by $488bn to end the month at $38.57bn.

That compared with $39.06bn at the end of September.



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THE HOWE RESIGNATION

CABINET RESHUFFLE

Clarke move signals tough line on education

MRS MARGARET THATCHER seized on Sir Geoffrey Howe's resignation yesterday to toughen the government's stance on education, the issue that both leading parties say could play a central role at the next election.

The cabinet reshuffle – the fifth this year – has at its heart the sideways move of Mr John MacGregor from education to Sir Geoffrey's post as Leader of the House, and his replacement by Mr Kenneth Clarke, until now the health secretary.

The prime minister's decisions were seen as allocating a tough minister to the difficult education portfolio, while giving the uncontroversial job of supervising government business to a man popular on both sides of the chamber.

The changes have also made way for Mr William Waldegrave, minister of state at the Foreign Office, to take up his first cabinet job as as health secretary.

Other changes included the shifting sideways of Mr Douglas Hogg from the Department of Trade and Industry to the Foreign Office, and the promotion of Mr John Redwood, DTI parliamentary under-secretary, to full ministerial status.

Mr Edward Leigh, MP for Gainsborough and Horncastle and a former member of the prime minister's private office, completes the changes by stepping into Mr Redwood's seat.

The reshuffle, while considerably more wide-ranging than anticipated, is not entirely unexpected.

Speculation had been mounting over Mr MacGregor's ability to hold on to the education portfolio after growing criticism from the Tory right and a public disagreement with Mrs Thatcher over a voucher system for schools.

In his year at the Department of Education and Science, Mr MacGregor had attempted to mend fences with teachers and other academics incensed by the reforms set in train by Mr Kenneth Baker.

He had also scaled down testing for seven-year-olds, hinted at restoring negotiating rights for teachers' unions, and proposed changes in the national curriculum.

Last month, however, he was called to Downing Street by Mrs Thatcher after threatening to go to the government's "star chamber" disputes procedure to fight for more resources for his department.

By replacing him, Mrs Thatcher has signalled a more radical approach to the reform programme. Mr Clarke, while viewed as representing the centre-left of the Tory party, won admiration from the right for his tough action during the 20-week ambulance drivers' dispute.

The prime minister is said to regard him as "a good communicator" and the right choice to take on Mr Jack Straw, Labour's education spokesman, in the run-up to a general election.

The changes also represent a significant promotion for Mr Waldegrave, long regarded as an up-and-coming figure knocking on the door of the cabinet.

Mr Waldegrave, an intellectual on the "wet" wing of the party, recently momentarily blotted his copybook by suggesting that British residents in Kuwait might follow an instruction from the occupying Iraqi authorities and report to local hotels.

But he has long been regarded as a cautious minister and should have little difficulty in following through the National Health Service reforms that are due to be enacted in April.

The changes should have little real impact on the political composition of the cabinet. Mrs Thatcher has dropped the purely titular post of deputy prime minister insisted on by Sir Geoffrey Howe when he reluctantly accepted a move from the Foreign Office during the reshuffle in October last year.

The non-cabinet appointments represent a step up for the prime minister's loyal supporters, however.

Last night Mr Robin Cook, Labour's health spokesman, condemned the reshuffle. He argued that the changes merely shifted personnel rather than policies.

"Ken Clarke's move is bad news for the education service," he said, adding that the NHS would never be safe until Mrs Thatcher was removed from office.

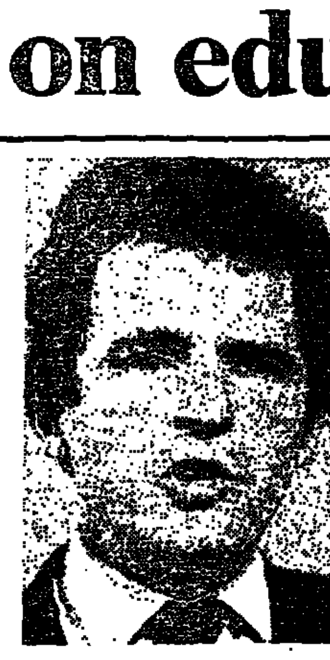
Ivo Dawnay

John MacGregor

Mr John MacGregor's succession to Sir Geoffrey Howe as leader of the house curtails his career as education secretary after only 16 months. After a journalistic and political background, Mr MacGregor, 53, entered parliament in 1974 as MP for Norfolk South. He was special assistant to Sir Alec Douglas Home when he was prime minister in 1963-64, headed the private office of Mr Edward Heath and was leader of the Opposition in 1965-1968. He joined Mrs Thatcher's cabinet as chief secretary to the Treasury in 1985. Until 1989, he was minister of agriculture.

Kenneth Clarke

Mr Kenneth Clarke has been health secretary since 1988 and he has piloted the government's National Health Service reforms through parliament in the face of fierce opposition from the medical profession and other groups. The changes, the biggest in the NHS's history, take effect in April. A barrister aged 50, he entered parliament as member for Rushcliffe, Nottinghamshire, in 1970. After junior ministerial roles – including a previous stint at health – he joined the cabinet as the industry minister with responsibility for the government's inner cities programme in 1987.



William Waldegrave

Mr William Waldegrave, 44, whose promotion to health secretary yesterday makes him the youngest member of the new cabinet, entered parliament 11 years ago as MP for Bristol West. Before that he had been a member of the Cabinet Office's Central Policy Review Staff. Mr Waldegrave goes to the Department of Health from the Foreign Office, where he had been a minister since 1988. He has had responsibility for areas undergoing political upheaval such as the Soviet Union, eastern Europe, southern Africa and the Middle East.

BUSINESS REACTION

Fears of damage to long-term prospects

THE BUSINESS community was yesterday anxious to keep its distance from the infighting within the Conservative Party but was quick to express concern that, unless the government resolved its difficulties over its European strategy, the commercial prospects for British companies could ultimately be damaged.

There was a widespread belief that economic and monetary integration will be good for business, although most companies remain unclear about the form it will take and the timetable.

Several companies expressed support for Mrs Thatcher in her determination not to be "bounced" into decisions, but there was a general belief that Mrs Thatcher should adopt a more positive tone with other European member countries.

Many of Britain's biggest companies are in no doubt about the benefits of European monetary union. Sir Denys Henderson, chairman of ICI, said he wanted to see moves towards a single currency for settling commercial transactions. Selling into the European market cost ICI up to £100m more than its direct competitors in the US, who dealt in one currency.

Mr Roger Lomax, finance manager of BAT Industries, said there were risks in pushing the process of European integration too quickly.

BAT has been in the forefront of promoting Emu as the basis for stable economic growth in Europe and is, along with companies such as Barclays Bank, British Airways and Midland Bank, a member of the Association for Monetary Union for Europe. Mr Lomax agreed that there was considerable uncertainty about how the process of integration should be pursued and this was shared by other European countries.

However, he said: "In the longer term, there would be concern if people believed that Britain was to be left on the outside of developments in Europe, making it a less attractive location for investment. We are not yet, however, in that situation."

Glaxo said it was difficult to formulate an approach to Emu while the concept was so loosely defined. However, anything which appeared to separate Britain from the mainstream of European economic development would be regarded as detrimental.

Sir Christopher Benson, chairman of MEPC, the property development and investment group, said he had some sympathy for Mrs Thatcher as she was really only saying "take care" over Europe. Emu was inevitable in the longer term but he objected to the "kneejerk" reactions of many European politicians.

Sir Frank Lampl, chairman of Bovis, the construction arm of P&O, said it was unfortunate that Britain had acquired a reputation for being unco-operative and awkward regarding the rest of Europe. "This can make it very difficult for companies, like Bovis, wishing to forge joint ventures and alliances on the Continent."

In the City, there was general regret that Sir Geoffrey had resigned, but hope that this would somehow soften Mrs Thatcher's intransigence.

EC BALANCE

Size of budget contribution is still an issue

ALTHOUGH the battle over Britain's budget rebate was one of the main EC issues of the early 1980s, the UK still pays more into the Brussels kitty than it takes out. This is in spite of Mrs Thatcher's triumph at the 1984 Fontainebleau Summit.

Last year, according to British officials, the UK's net contribution to the Community budget was £2.3bn after £1.7bn of "abatement" had been returned.

Contributions are calculated on the basis of gross domestic product and a formula related to VAT receipts. Britain's payment is steep partly because of high consumer spending which feeds into VAT.

The other main reason is that much of the cash is returned to states in farm subsidies – a fundamental disadvantage for the UK given the relatively small size of its agricultural sector. Thus 15 per cent of this year's EC budget is financed by London, against the 7 per cent to 8 per cent share of all EC agricultural spending which is likely to come the UK's way.

On regional and social programmes, the overall picture is much the same. Of the Ecu46.8bn (£33.19bn) which is likely to be disbursed between 1989 and 1993, only Ecu3.678bn will go to the UK. But Britain stands to gain more than its partners from programmes for re-training and helping the long-term unemployed.

Set against the UK being a net giver to the Community is the balance of wider costs and benefits from EC membership.

Belonging to the Community gives Britain:

- full access to the single market that includes some £280m non-British consumers. The UK does nearly half of its trade with its EC partners.
- Considerable attraction to investors. The main reason why Britain is Japanese industry's aircraft carrier in Europe is mainly because the UK is within the European Community's walls. Other outside investors also regard EC membership as the key factor when deciding where to locate factories.

If Britain were to have to negotiate for itself, or as part of Efta, in GATT, it might not be much worse off, because of the principle that markets must be opened to all without discrimination. The UK managed to settle most of its particular grievances about access for Scotch whisky and stockbrokers to the Japanese market bilaterally with Tokyo.

But on issues such as US restrictions on steel imports, the UK has probably benefited from being part of an EC negotiation. However, without having to subscribe to the Common Agricultural Policy, Britons could eat more cheaply

David Buchan
Tim Dickson

EUROPEAN INTEGRATION

Still incorrigibly British after 18 years

IT HAS been quite a week for Britain's links with Europe.

For the first time since the geological explosion that tore the islands from the continent, they have been reconnected by the Channel tunnel. And now, with the resignation of Sir Geoffrey Howe, it is likely that Europe will dominate politics until and beyond a general election.

But how much does the European Community matter to the average Briton, and how much has it changed our habits since we made the historic lurch into the Common Market on January 1 1973?

We still drive on the wrong side of the road, still prefer our beer flat and warm, and still vastly prefer cricket to *boules* or cycle racing.

However, the tempo of the changes seen in the last 18 years is likely to increase. The UK has drawn much closer to our European partners in many areas, including:

Trade: EC countries were responsible for virtually half of Britain's trade, excluding invisibles, in 1989, compared with under one third in 1973. British exports to the EC were £47bn out of a total of £93bn, and imports were £63.5bn out of a total of £121bn.

Industry: There have been considerable changes, with heavy investment by British companies in Europe and vice-versa, plus many mergers. The main trend, according to the Confederation of British Industry, has been for some of the larger industries, such as chemicals and food, drink and tobacco, to move towards a European scale of operations, spurred on by the challenge of 1992.

In areas such as aerospace there have been specific links, with British Aerospace taking a stake in the Airbus consortium with France's Aerospatiale and Germany's MBB.

One of the most noteworthy links has been the French incursion into the UK's water industry, with three French companies buying more than half of the 29 small private suppliers as well as stakes in the privatised water companies.

Travel: Continental Europe remains easily the most popular destination for Britons, and an increasing number of Europeans are visiting the UK. Travel to western Europe has increased by nearly 40 per cent in the last five years, and there were nearly 26m visits by Britons to western Europe last year, representing 84 per cent of total visits abroad.

According to the Association of British Travel Agents, Britons in the top "AB" socio-economic group are becoming more European by learning languages and studying European cultures, while other categories "remain very British at heart wherever they are".

Eating: Gone are the days when the British taste in food and wine could be summed up as sliced bread, meat-and-two veg, the fish and chip shop, and the corner grocery.

Pubs have now to compete with wine and tapas bars, and French, Italian and Greek delicatessens and pasta shops have edged into the high streets.

Among the more popular product ranges developed by Sainsbury and other chains in the past five years are *fromage frais* and fresh-baked French loaves. The consumer can now pick from a range of over 100 cheeses, the majority from countries like France, Italy, The Netherlands and Germany.

The British still prefer their own beer to that of any other country's, but now consume a much greater quantity and variety of European wines than they used to.

Labour mobility: The notoriously mono-lingual British worker has been slow to develop pan-European ambitions, although many university graduates are becoming increasingly interested in working in Europe.

Of 2,500 students in the UK and the continent recently surveyed by the Royal Mail, 85 per cent of the British graduates said they would like to work abroad.

Some 63 per cent of the UK graduates said their first choice was Germany. UK graduates still lag behind their continental counterparts in language skills. Only 52 per cent of the British students could speak a foreign language, compared with 85 per cent of other European students.

Culture: When it comes to reading books and newspapers, or watching television, the majority of Britons still believe their country has more to offer than the rest of Europe. Nevertheless, the UK has become less insular in recent years.

There is not one European writer in translation in the current bestseller list of Bookseller magazine, although works by writers such as Sartre, Camus, Primo Levi and Umberto Eco retain their popularity among intellectuals.

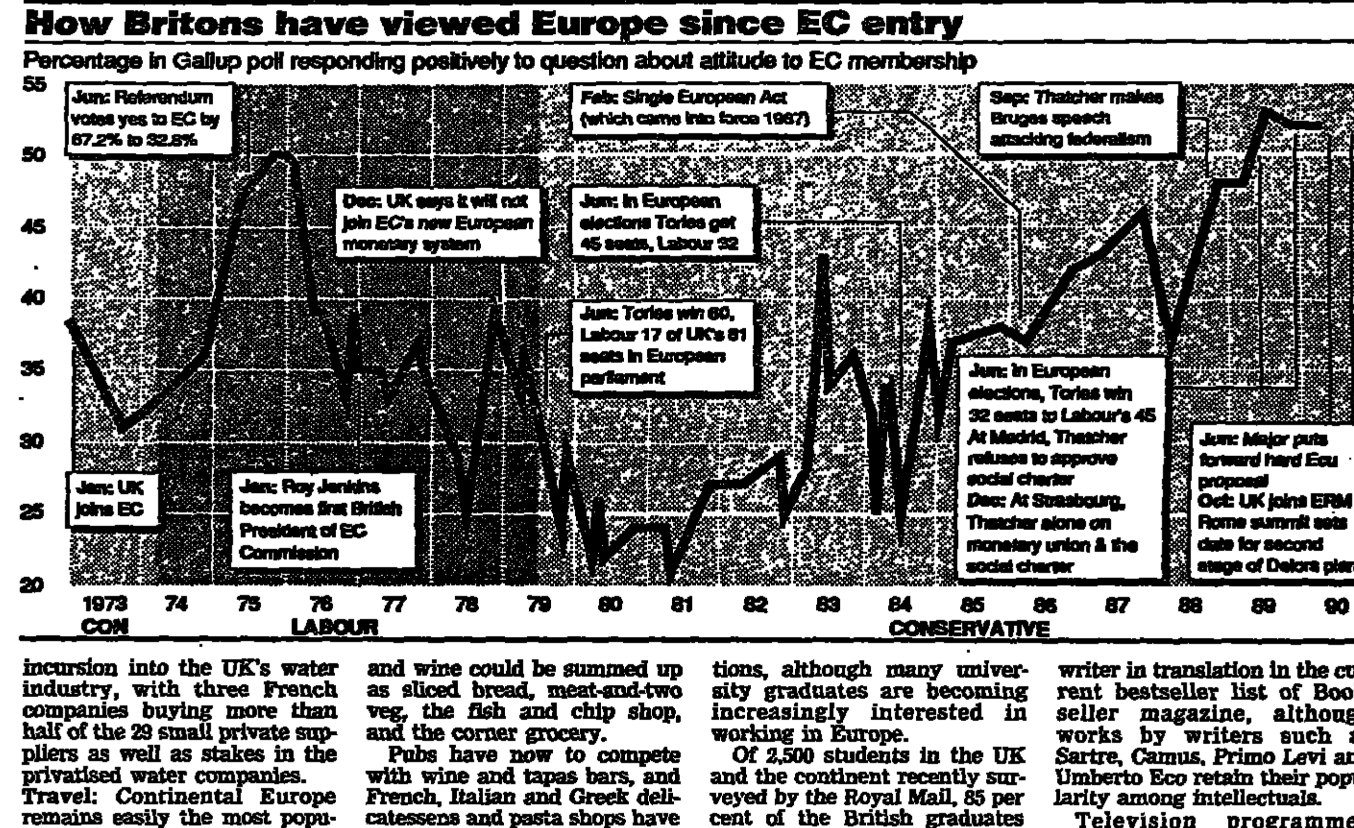
Television programmes bought from the Continent accounted for only 6 per cent of BBC 1 programmes last year, and the most popular viewing slots were occupied by Eastenders, Neighbours, Birds of a Feather and Bread – about as insular as you can get.

However, the BBC's French, Spanish and German courses are rising in popularity, and surveys show that roughly half of the 300,000 readers of Mr Robert Maxwell's newspaper, The European, are British.

Richard Evans
Jimmy Burns
Richard Donkin

How Britons have viewed Europe since EC entry

Percentage in Gallup poll responding positively to question about attitude to EC membership



PARTNERS' VIEWPOINT

An essential role being poorly played

BRITAIN is essential to the whole process of European integration but Mrs Margaret Thatcher is putting a brake on Britain making a more positive contribution. These are the views expressed by officials and commentators in four European capitals: Bonn, Rome, Paris and Madrid.

German commentators remain the most critical of Britain's attitude towards integration.

Mr Thomas Kielinger, editor of the Bonn-based national weekly Rheinischer Merkur, yesterday termed "grotesque" Mrs Thatcher's "schoolmistress tone that the other European parliaments are just kindergarten".

He said: "She thinks she is a feminine version of Churchill giving victory signs without the cigar."

The Italians are keen to distinguish between Mrs Thatcher's rhetoric and the contribution Britain has already made.

"We could not have any meaningful common security policy without the UK, while British expertise on financial issues and the importance of the country's financial role is vital for a monetary union," said one Italian diplomat yesterday.

But Italians have come to appreciate the almost manic pragmatism with which the UK scrutinises some of the more high-flown proposals associated with political and monetary unity. If a proposal can pass the London test, then it is considered to have been pretty well-drawn.

France's view is more measured. Officials are keen to draw parallels: they see Britain as having a neo-Gaullist stance on European Community integration, even if is out of line with most of its EC partners.

Indeed, Mrs Thatcher's vision of a Europe of sovereign states has a strong parallel with General Charles de Gaulle's own view of the European Community: a gathering of independent countries with shared interests.

Britain as an alternative ally to the worryingly powerful unified Germany, its decision at long last to enter the exchange-rate mechanism and its unswerving observance of EC legislation tempt French politicians to believe that the UK is, at some level, European.

In Madrid, Spanish officials are certain that Britain will join a monetary union and adopt a single currency if that is what the rest of the community decides to do.

Mr Carlos Solchaga, the finance minister, has been particularly kind about British proposals for a "hard" Ecu and European monetary union.

But on a practical note, the Spanish simply assume that Mrs Thatcher will not be around long enough to prevent the inevitable – and may not be able to prevent it even if she is around.

David Marsh
John Wyles
George Graham
Peter Bruce

SOVEREIGNTY

Limits defined precisely in treaties that underpin EC

"WHAT is being proposed now – economic and monetary union – is the back door to a federal Europe, which we totally and utterly reject."

Thus spake the prime minister in her replies to parliamentary questions last Tuesday.

Meanwhile, Mr Helmut Kohl, Germany's chancellor wrote in the FT this week that "the EC is the core of, and the foundation for, the unification of Europe. In line with the vision of its founding fathers, we wish to develop the Community into European Union."

Quite fundamental differences seem to exist between these views about the ultimate objectives of the Community.

Yet whatever Mr Kohl may wish or Mrs Thatcher fear, "sovereignty" does not seem to be at issue in any of the EC's actual or currently proposed powers.

Sovereignty refers to the ultimate repository of legislative authority. The EC is established under a treaty that has been passed by national parliaments. The EC cannot dissolve the national parliaments; but national parliaments can revoke the treaties and dissolve the EC. Thus national parliaments remain sovereign.

The treaties associated with the EC (most importantly, the Treaty of Rome and the Single European Act) provide specific constraints upon the actions of individual member governments, principally *vis à vis* private individuals, and pool the exercise of specific powers of governments.

Powers are pooled where it has been agreed that they can be exercised more effectively together than in isolation. In addition, the Commission has the right to exercise certain powers autonomously, notably those over competition policy.

Under the Single European Act, qualified majority voting applies to the pooling of powers for the purpose of completion of the internal market.

In effect, the EC obtained the right to exercise certain delegated powers without the specific consent of the governments of all individual member countries.

Mrs Thatcher accepted this important step in the delegation of power to the EC, however unwillingly, because she was persuaded that the internal market programme could not be achieved without it.

The inter-governmental conferences on economic and monetary union and political union, due to start in December, have on their agendas treaty changes to delegate certain powers to EC institutions where such delegation does not now exist, or to introduce qualified majority voting where unanimity is now required.

Under Emu, the powers that would have to be transferred are those relating to monetary policy, most of which would be handed over to a European Central Bank. Also under consideration are possible EC controls on fiscal deficits. In addition, there are proposals for qualified majority voting in areas such as social policy, the environment and aspects of fiscal policy that are related to the internal market.

Under political union, the Commission has suggested that the parliament should have its right to amend EC legislation extended and the council of ministers should have wider decision-making powers in foreign and security policy.

However unpalatable some of this may seem, none of it would mean a loss of British sovereignty, properly understood. That would occur only if a federal constitution were agreed that precluded secession and provided for a division of power among elements of government, each sovereign in its own domain.

Martin Wolf

THE HOWE RESIGNATION

OXTED, EAST SURREY

Homecoming to a corner that is forever England

SIR GEOFFREY HOWE, a combat-scarred knight of the shires, returned from his battles over Europe yesterday to a loyalist welcome in his East Surrey constituency.

It was not a grand homecoming.

The Conservative Association was not even sure where he was or where he would live now that his official houses have been taken away, and Sir Geoffrey had mischievously, or genuinely, lost his voice.

The collection of villages and towns that make up east Surrey, where Sir Geoffrey won an 18,000 majority in 1987, was unruffled by his dramatic resignation.

Nor was the area fazed by debates on Europe: German cars filled the green and pleasant land and butchers sold fresh *poisson* alongside English saddle of lamb.

At the Oxted headquarters of the constituency association, where the telephone in the former deputy prime minister's office is marked Sir G, economic and monetary union were a world apart.

"Clearly this is a situation which I don't think many people totally and fully understand," said Mr Eric Morgan, deputy chairman.

Mr Morgan added that there was a cautious approach in the constituency to Europe, and that a single European currency was unlikely to bring revolution to the streets of Oxted.

"It is not our style, is it? People will be uneasy about change because they always are. If you painted the pillar boxes a different colour there would be unease."

After leaving London, Sir Geoffrey returned to the humdrum activities of a backbench MP.

His duties included a tour of East Surrey Hospital and prize distribution at the Woodlea School, Woldingham.

The press and television cameras caught up with him at the Chequer Mead School in East Grinstead. He had come not to talk about Europe but about the East Grinstead bypass, but, as is the privilege of departing cabinet ministers he had nothing to say.

"I am still without my voice," he croaked.

There were more people prepared to back his softer line on Europe than to accuse him of betraying the prime minister.

"I should imagine that he and the Iron Lady have been having words for a while," said Mr Nigel Brunel, a structural engineer at an Oxted company. "It seems a shame to lose our identity but obviously the future is to have a single currency."

While Sir Geoffrey won praise, the prime minister won brickbats. "She is being obdurate," said Mr Evany Hermes, who runs an advertising company in Oxted. "We are in Europe. We all know that we have to have a common currency. The sooner that is established, the better."

Mrs Thatcher should go, he said. "As Sir Geoffrey puts it, I'd rather have a leader who was in the train cabin than in the guard's van."

Yet support was combined with some bewilderment. Why should he resign over something as esoteric as European union?

"Perhaps that was just the last straw for him," said Mrs Catherine Oldfield, on a shopping expedition. "I wouldn't have thought it was just that."

One retired housewife said "My husband and I argue about the single currency. My husband is dead against it but I think it will help travelling. He is a bit stuck in the past. He doesn't like the French."

Even a modest step towards integration with the countries that lay beyond the English Channel was too much for Mr Anthony Clarke, an unemployed labourer. "I have only been to Europe once in my life and I didn't like it," he said.

Ralph Atkins

FINCHLEY

Constituents bemused by the turmoil at the top

MR MIKE LOVE, the Conservative party agent in Finchley, was confident yesterday that the voters in Mrs Thatcher's constituency would be right behind her bullish stance on Europe.

But in the supermarkets, launderettes and bus shelters of Finchley few could see what the fuss was all about.

"I'm not really worried about sovereignty – we are all human beings," said a 76-year-old housewife waiting for her clothes to dry in the launderette. "I think Europe has a little bit too much influence on what goes on here but I don't think a common currency would make much difference – it would be less hassle when you go abroad," she added.

Back at the constituency headquarters Mr Love said: "The majority of our supporters share Mrs Thatcher's concern about what seems to be a move towards a federal Europe and single currency."

One woman, who had spent three years working for the Finchley Conservative party, thought otherwise. Asked what she thought of a single currency she replied: "I don't give a damn. We all have to do what I have just been doing – buying food – and does it really matter what the money we buy it with has got on it?"

Outside Tesco, Mr William Storey said he had voted Conservative in the last election but doubted he would do so again.

"She's gone a bit too far this time. I'm not really worried about sovereignty and at the end of the day we will probably be one in Europe any way – that is the way things are moving," he said.

Mrs Yvonne Vasilou, who owns a florists' shop, said she had always been an ardent supporter of Mrs Thatcher. But for the last six months she had been opposed to Mrs Thatcher's European attitudes.

"She is out of touch with the present day situation. I feel we have to go along with Europe. People are much more European minded now."

Emma Tucker

Tony Andrews

Man and best friend: Sir Geoffrey Howe leaving his London home yesterday with a loyal companion

BRADFORD NORTH BY-ELECTION

Big impact expected from resignation

THE political stakes surrounding the Bradford North by-election rose dramatically yesterday as party organisers weighed up the impact of Sir Geoffrey Howe's unexpected resignation.

All the parties are keenly aware that the by-election's outcome could have a decisive bearing on whether dissident Tories launch a challenge for the party leadership later this month.

Even before the resignation, the poll, scheduled for next Thursday, had been regarded as a key barometer of public opinion at a time when the government's popularity has declined sharply and the Liberal Democrats are fighting to maintain momentum after their Eastbourne victory.

Yesterday, both Labour and the Liberal Democrats claimed that disarray within the government would give a fillip to their campaigns in Bradford North at the Conservatives' expense.

At the general election in 1987, Labour narrowly won the seat with just over 21,009 votes to 19,376 for the Tories and 8,656 for the Liberal/Alliance candidate.

Labour officials said that Sir Geoffrey's departure would accelerate the swing towards Mr Terry Rooney – a local councillor nominated to fight the seat after the death last summer of Mr Pat Wall, the veteran left-wing MP. "Europe is not seen as a major issue here," Mr David Robertson, the election agent, said. "But people will see this as a further crumbling of the Tory candidate."

However, Mr David Ward, the Liberal Democrat candidate, said the Eastbourne result had indicated that renegade Tory voters would switch to his party. Commenting on Labour, he said: "What absolute nerve they have to sit their and gloat over the problems of the Tory party on an issue in which they are fundamentally divided themselves."

Meanwhile, embattled Conservative organisers were attempting to minimise the damage to their already shaky campaign. Miss Joy Atkin, the Tory candidate, insisted that Sir Geoffrey's resignation would have no impact on the Bradford poll.

However, there is little doubt that the disarray within the government has come as a devastating blow, raising speculation that the Tories could be beaten into third place by the Liberal Democrats. Such an outcome would heighten anxieties among Conservative MPs in marginal seats.

It could also prove crucial in calculations of those considering a challenge to Mrs Thatcher's leadership.

Ivo Dawnay

SCOTLAND

EC seen as no more a threat than Westminster

SCOTS ARE probably more sympathetic to the EC than are people in most other parts of Britain. They feel less threatened by the powers of the Community – indeed may even welcome them if they mean a diminution of the influence of Westminster.

They are also probably more aware of benefits of EC membership. Regional councils trumpet loudly the grants and loans they succeed in obtaining, with Scottish Office help, from the European Regional Development Fund, the European Investment Bank and the European Social Fund.

The EC symbol of a ring of yellow stars against a dark blue background is a common sight in Scotland. It is seen in unexpected places such as remote piers in Orkney or the Western Isles, marking the fact that they have been built or expanded with EC funds.

The Scottish National Party has made headway with its recently adopted policy of independence for Scotland as a fully fledged member of the EC, though that is less popular than the option of a devolved Scottish parliament. Many Scots feel more comfortable with the idea of giving up sovereignty to Europe than tolerating the sovereignty of Westminster.

"The fact that Mrs Thatcher hates Europe so much makes Scots think there must be some extra good in it," said an assistant to a Scots MEP, alluding to the unpopularity of the prime minister north of the border.

Strathclyde regional council, which administers nearly half the Scottish population from Glasgow, has had particular success in winning funds from the EC, with £380m currently being pumped in for infrastructure improvements under the integrated development programme.

The region maintains an office in Brussels; its extraction of funds from Brussels has been called the "Westminster bypass" since it may be obtaining money from the EC that the UK government would not otherwise have given it.

James Buxton

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The Tories' choice

UNDER the rules of the Conservative party, any election for the leadership must be initiated within 28 days of the opening of a new session of parliament. The forthcoming session opens on Wednesday. There are only a few weeks left in which to establish whether there is to be a challenge to Mrs Margaret Thatcher this year. If there is none there will be no formal mechanism able to bring about a change before another year has passed. Mrs Thatcher would be certain to lead the party into the next general election, barring accidents, a voluntary decision to retire or, if the Tories were in desperate trouble, a backbench revolt of such proportions that it could not be ignored.

The voters in any contest would be the Conservative MPs. No member of this electorate can have failed to wonder whether it would be in the interest of the party to change the leadership now. Some polls suggest that Mrs Thatcher is more unpopular than any prime minister since polling began. All the polls indicate a strong Labour lead.

The prime minister has recently behaved as one who no longer commands the sure touch of her younger self. There have been signs of a loss of confidence during the public expenditure round. The hasty turnabout on child benefit is just one example. In domestic policy she seems unable to signal any change that would convince the public of a determination to improve public services, following a decade of apparent, though not always real, retrenchment.

Diminished standing

Europe has, however, done the most damage. The resignation of Sir Geoffrey Howe on Thursday night was the latest in a series of ministerial departures brought about by Mrs Thatcher's inability to unite the party around a coherent and diplomatic approach to the further development of the European Community. There are many questions to be asked about the next stages of economic, monetary and political union, but, by repeating her performance as an histrionic won't-budge bargainer before an audience that knows she budges in the end, the prime minister has diminished her own standing and antagonised other EC leaders.

On the positive side of the ledger, the prime minister is a politician of high quality and remarkable achievement. Under her guidance, a huge, and on the whole beneficial, revolution in British attitudes and practices has been pushed through. The trade unions have been tamed. Most state industries have been privatised. Good husbandry has begun to be understood.

She has a steady nerve: her moves to reshuffle her cabinet yesterday indicate her ability to recover at speed from adversity. Mr Kenneth Clarke should make a more forceful impact on the education debate than his predecessor, while Mr William Waldegrave may achieve the desired trick of reducing the intensity of debate over the health reforms. Mr John MacGregor is in the right place as leader of the house.

Ongoing ability

Faced with such evidence of her continued ability to do her job, Mrs Thatcher's close supporters are understandably reluctant to accept any proposal to abandon her now. A contested election, conducted while she chooses to stay in office, would be deeply divisive. Some also say that a contest during the next few weeks, while there might be a war in the Gulf, would be unseemly, but there is limited force to this point: such a war would be mainly US-led.

In any event, it is not easy to name a successor who could both unite the party and lead it to a fourth election victory. Mr Michael Heseltine is shown by the polls to be the most likely to win an election, but his views on the EC and his perhaps undeserved reputation as a dirigiste would weaken him on party unity. Mr Douglas Hurd, the foreign secretary, would be excellent on party unity but no one proposes him as a charismatic figure able to attract wavering voters. Mr John Major, the chancellor of the exchequer, and Mr Christopher Patten, the environment secretary, are both relatively inexperienced and still have something to prove.

Yet Mrs Thatcher is nearing the end of her political career and there is a case for deciding the succession sooner rather than later. The best course would be for Mrs Thatcher to resign voluntarily during the next few months, giving a new leader time to establish himself in the year or so that would remain before the next election. If she declines to do so, many Tory MPs may feel that a challenge to her leadership would be too damaging, and too uncertain in its outcome, to contemplate, and that they would do do better to soldier on as they are. This would not necessarily be a bad decision, since another Tory victory under Mrs Thatcher is by no means out of the question. But if they follow this course, Tories should be under no illusion about the risks they would be taking.

Compromise over the issue of Europe may be too late to save Mrs Thatcher at the next general election, says **Philip Stephens**

Divided Tories await the deluge

THE HOWE RESIGNATION

It was time, a member of her government reflected yesterday, for the sole remaining survivor of Mrs Margaret Thatcher's 1979 cabinet to depart.

For the sake of the party she had led to three successive victories, the prime minister should follow the lead set by her erstwhile deputy Sir Geoffrey Howe and go gracefully.

The Conservatives would then have a chance to bridge the chasm over Europe into which they threatened to fall. If the economy came right in 1991 it might yet be possible to avoid handing the country over to Mr Neil Kinnock at the next general election.

The tone became almost wistful as the minister – his instincts rooted firmly in the centre-ground of the party – spoke of the powerful influence that Mr Dennis Thatcher exerts over his wife.

Dennis would not want her to fight on and risk being driven ignominiously from Downing Street. Surely he would tell her that it was better to retire now to the home that awaits them in Dulwich?

It was a judgment offered in hope rather than expectation. A few moments later the same minister was contemplating the prospects of picking up his old career outside politics after Mrs Thatcher's defeat at the general election due by mid-1992.

The dramatic resignation on Thursday of Sir Geoffrey Howe has left a majority in the cabinet persuaded that their fast-evaporating hopes of a fourth term would be revived if not entirely restored under a new leader.

But the defiant message from the prime minister's camp is that her opponents will have to risk civil war in a formal contest later this month if they want to her to go.

The argument against a contest has some force. Victory for Mr Michael Heseltine, the pro-European former defence minister with the best chance of defeating her, could split the party.

There is, too, an unspoken assumption that the ever-closer threat of war in the Gulf makes Mrs Thatcher's position unassailable. The Tory party could not deprive itself of strong leadership just as it was preparing to send young soldiers into a bloody battle against the brutal regime of President Saddam Hussein.

It is a powerful case. "We have no choice," one senior minister declared. "I don't like it, but the alternatives are worse."

That assessment might yet change. More than one cabinet minister believes that if the party were forced into a poor third place in the Bradford by-election next Thursday, the present ferment among its supporters at Westminster would spiral into panic. One way or another, they would have to find another leader.

Nor will soothing words from Mr John Major, the chancellor, and Mr Douglas Hurd, the foreign secretary, heal the old wounds over Europe which were re-opened by Britain's isolation in Rome last weekend and Mrs Thatcher's defiant defence in the House of Commons of the nation's sovereignty.

Mr Kenneth Baker, the party chairman, strove valiantly if vainly to portray Sir Geoffrey's departure as essentially a personal rather than a policy matter. And it has been an open secret that since his enforced departure last year from the foreign office, Sir Geoffrey's relations with Mrs Thatcher have become steadily worse.

So the official message was that with the source of friction at the top removed, the government could get on with uniting the party around its positive – though anti-federal approach – to Europe.

In private, Mrs Thatcher's colleagues are not convinced. Her views on Europe are out of step with *all* but a handful of her cabinet. "So does Ken (Baker) think that the other 18 of us have to go for the sake of party unity," was the acid reaction of one cabinet minister on Thursday night.

The same argument had been heard, another colleague commented, after Mr Nigel Lawson's spectacular resignation just over a year ago because of Mrs Thatcher's refusal to take sterling into the exchange rate mechanism of the European Monetary System.

Mr Major had achieved that goal only last month. But the always dubious promise that by tying sterling to the D-Mark the government could wish away further internal conflicts was never fulfilled.

Other ministers did little to disguise their suppressed bitterness about the way the government is being run. At Thursday's cabinet meeting – just days after the Rome summit – Europe was left off the agenda. Instead Mrs Thatcher berated Sir Geoffrey about some of the details of the new legislative programme in the Queen's speech next Wednesday.

It is not that the cabinet is full of federalists, though there are a couple – Mr John Gummer at agriculture and Mr Kenneth Clarke, formerly health, and now education, secretary. On the other side of the argument Mr Cecil Parkinson, the transport secretary, and Mr Norman Lamont, the chief secretary to the Treasury, are close to the prime minister.

Most senior ministers, however, fall in behind the "positive pragmatism" of Sir Geoffrey or Mr Hurd. They do not want to see the pound abolished by Mr Jacques Delors. They dislike instinctively the idea of an unaccountable European central bank.

Nor are they attracted to grandiose schemes for political union. They believe the Community has to keep its door open to the emerging democracies of eastern Europe – to be ready to widen as well as to deepen.

Their starting point, however, is that the future lies with Europe: that they cannot make the mistake of the 1950s and try to stay outside. So the inevitable arguments with Britain's partners must be framed around an unequivocal commitment to full membership of the club.

The fear is that Mrs Thatcher might yet try to fight the next election draped in the Union Jack

It is a view attractive to the broad swathe of Tory MPs at Westminster who stand aside from the extremists who are generating sound and fury on both sides of the debate.

Mr Nicholas Ridley, until his enforced resignation in July the prime minister's closest ally on Europe, is the most distinguished of a small band who see plans for a single currency as a direct assault on Britain's national identity.

Further integration would be a precursor to domination by Brussels or Berlin according to this view. It would reinstate the interventionism which Thatcherism had dismantled. The powers of Westminster would be reduced to that of a charge-capped local authority.

The dozen or so Tory MPs committed absolutely to the preservation of "sovereignty" can rely on the emotional streak in the Tory party which binds it to the symbols of Britain's past greatness. As Mrs Thatcher showed in her emotional performance in the House on Tuesday, respect for the pound, parliament and the flag are part of the Tory psyche.

Then there are the federalists on the backbenches – another handful. Mr Edward Heath, the former prime minister ousted as party leader by Mrs Thatcher in 1975 is the most notable. Mr Heseltine might – just – fall into that camp, though his approach is rooted in a judgment of Britain's national self-interest rather than in any philosophical commitment.

Mr Heseltine, whose own clash over Europe with Mrs Thatcher led him to quit her government in 1986, regards her concept of sovereignty as analogous to the illusive freedom of the man alone in the desert.

The great mass of MPs, however, are neither Europhiles or Europhobes. They would like to keep the pound and are jealous guardians of both the mystique and authority of their Westminster privileges. But they are conscious that the party's business paymasters will not be denied the profits of participation in closer integration.

For one MP the issue of sterling's possible replacement by the Ecu was simple: "If we think the business is going to Frankfurt surely we can give up one side of our banknotes to the Europeans . . . we can keep the Queen's head on the other".

As Mr Kinnock has nudged the Labour party towards the eventual acceptance of a single currency, Tory ministers have found themselves upbraided regularly by their natural allies in the business community.

Concern that Britain risks being consigned to the slow lane of a two-speed Europe is driving the efforts of Mr Major and Mr Hurd to build a positive position at two Intergovernmental conferences scheduled to start in December.

Mr Hurd, who believes that the conference on political union holds few hazards, was at his unflappable best yesterday. "This drama, like other dramas, will subside," he said. "The truth is that everyone has his own tone and style. There is no split."

That, too, was said in hope as much an expectation. The foreign secretary, like the chancellor, is said to believe that hopes of finding a compromise on the much more vexing issue of monetary union have been severely damaged.

While Mr Hurd was telling colleagues this week that the blame for the debacle in Rome rested squarely on the Mrs Thatcher, however, he was publicly denouncing Mr Delors for seeking to "extinguish democracy".

More important, she decisively undercut Mr Major's plan for a common currency – the hard Ecu – as an alternative to the Delors plan. The prime minister declared bluntly that she had accepted it but did not think it would catch on.

It was that – and her unashamedly populist defence of all things British against the evil Europeans – that persuaded Sir Geoffrey to go. For all the talk about differences of tone, he quit because he could no longer stand what he regarded as the prime minister's ingrained anti-Europeanism. Mrs Thatcher's instinctive allegiance, a colleague commented, lies with the US: "It always has and it always will."

It was that substance rather than tone that mattered to Sir Geoffrey. His fear, which remains that of many of the colleagues who are still in government, is that Mrs Thatcher might yet try to fight the next election draped in the Union Jack.

Ironically, just as Mr Lawson's resignation became the precondition of ERM membership, so the deputy prime minister's departure will strengthen the hand of Mr Hurd and Mr Major against the prime minister on monetary union.

As one minister commented with scarcely-concealed bitterness earlier this week: "Waving the flag may win the vote of Essex man but it won't carry the party." For the next few weeks and months it is the party that Mrs Thatcher has to woo.

But if she does decide that a graceful compromise with her European partners is a price worth paying to stay in Downing Street, it may come much too late to save her government from defeat at the election.

Even before Thursday's dramatic events there was a growing mood in her government that it had lost its way: that Thatcherism was an idea and an ideology which was locking the Conservatives into the 1980s.

The reshuffle may ease some of the recent pressures on education and health. Mr Major may yet fulfil his promise and begin to get inflation and mortgage rates sharply lower from next spring. It is even possible – though unlikely – that the poll tax will not prove quite as disastrous next year as the government fears.

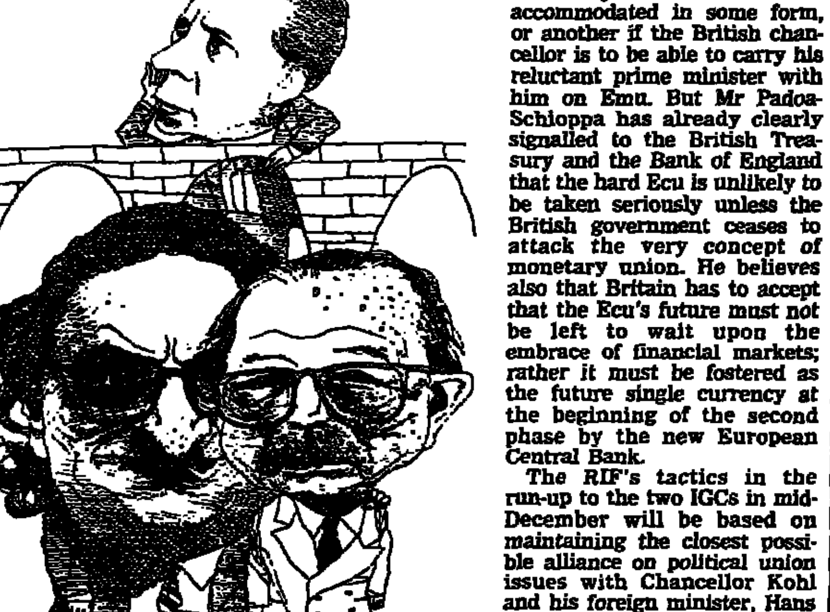
Retuning the government's policies to the current mood of Britain will be much, much harder. It looks, said the minister quoted at the start of this article, as if it will be Mr Kinnock who abolishes the pound.

MEN IN THE NEWS

De Michelis, Andreotti, Padoa-Schioppa

Team tactics score goal for Italy

By John Wyles



Many British observers, to say nothing of Mrs Margaret Thatcher, were unprepared for the emergence at the European summit in Rome of what, for want of a better term, might be called the Italian Rapid Integration Force (RIF). By dint of careful planning and almost ruthless execution, the RIF first efficiently isolated the British prime minister on the issues of economic and political union in the Community and then with unexpected ease rallied all other heads of government behind a timetable for achieving monetary union.

The RIF is a temporary phenomenon assembled for the purposes of engraving Italy's six-month EC presidency as a milestone in the history of European integration. In action last weekend the RIF gave a convincing demonstration of the technical and political resources which are now to be deployed in ensuring that next month's two intergovernmental conferences (IGCs) in Rome launch the Community irrevocably towards economic and political union.

The RIF's supreme commander is the old wolf of Italian politics, Mr Giulio Andreotti, the 71-year-old Italian prime minister. No other country could field a summit chairman with greener political fingers – he has been conjuring deals out of the most barren soils for more than 40 years. When he refused to allow Mrs Thatcher a discussion of the farm support issue problem which is plaguing the Gatt negotiations and when he began to deal out his winning cards on monetary union, Mrs Thatcher was witnessing a talent for side-stepping which is the political equivalent of Diego Maradona at the height of his footballing powers.

On Europe, Mr Andreotti sounds like a romantic federalist and, therefore, falls clearly into Mrs Thatcher's category of "airy fairy" continental politicians for whom pious aspirations on European unity are more important than concrete facts. But her public fury this week must partly reflect an awareness that Mr Andreotti has backed her into a very concrete cell from which there are only two exits: one out of the Community or one towards economic and monetary union. Mr Andreotti's exploitation of Chancellor Kohl's readiness to embrace a January 1 1994 starting date for the second phase of Emu effectively brought into line governments such as the Spanish which only six weeks before had appeared to be wavering in their readiness to move swiftly in this direction.

Until last weekend, Mr Gianni De Michelis, foreign minister and second-in-command of the RIF, had taken most of the limelight in the Italian crusade for a deeper and ultimately wider EC. He, if anyone, would have been determined to outmanoeuvre Mrs Thatcher last weekend for two reasons. His political sense, different from but no less acute than Commander Andreotti's, told him that Emu had to be effectively launched last weekend if the EC's innately more cautious finance ministers were to be held at bay and prevented from submerging the IGC in a morass of technical arguments over economic convergence. His second reason was slightly less noble but nonetheless compelling. The wave of criticism in the British press on the organisation of the Italian presidency – principally in the Times and the Economist – in the run-up to the summit was as wounding and condescending towards the foreigner as only a British pen can be. It was also seen as inspired by Downing Street and requiring a response which would teach Mrs Thatcher in particular and the British media in general not to underestimate the powers of the RIF.

Its third component, as chief technical officer, is Mr Tommaso Padoa-Schioppa, whose elegant crystal-clear intellect would be revolted by the designation. He doubtless would try to concede a greater importance to Mr Mario Sarcinelli, the director-general of the Italian Treasury and current chairman of the EC's Monetary Committee. But it is Mr Padoa-Schioppa, a 50-year-old deputy director-general of the Bank of Italy, who has Italy's most fertile mind on Emu issues, having been for five years director general for economic affairs at the European Commission and most recently secretary to the Delors Committee, whose report on Emu Mrs Thatcher would hold to be the basis of all current woes. His role in the coming weeks will almost certainly be as the architect for the bridge which will have to be built if any attempt is to be made to carry the UK along with the Emu process.

It is recognised in Rome that Mr John Major's hard Ecu plan for the transitional phase to monetary union has to be accommodated in some form, or another if the British chancellor is to be able to carry his reluctant prime minister with him on Emu. But Mr Padoa-Schioppa has already clearly signalled to the British Treasury and the Bank of England that the hard Ecu is unlikely to be taken seriously unless the British government ceases to attack the very concept of monetary union. He believes also that Britain has to accept that the Ecu's future must not be left to wait upon the embrace of financial markets; rather it must be fostered as the future single currency at the beginning of the second phase by the new European Central Bank.

The RIF's tactics in the run-up to the two IGCs in mid-December will be based on maintaining the closest possible alliance on political union issues with Chancellor Kohl and his foreign minister, Hans Dietrich Genscher. Among other things, the aim will be to overcome French resistance to increasing the powers of the European Parliament. As far as Mrs Thatcher is concerned, the Italians have no desire to cut her adrift. Rather, they want her to understand that providing she can accept the ultimate objectives of political and monetary union – and her recent statements are far from encouraging – then she will find her partners ready to be flexible.

This is particularly true of political union, which Mr De Michelis sees as an evolutionary process to be achieved a step at a time. On Emu, the Italians will be ready to give the hard Ecu a push, but only in a context which is clearly understood to mean monetary union and a single currency by 2000. If Mrs Thatcher does not play, then the RIF will push her to the sidelines in the sure conviction that Britain will one day have a government which recognises that it cannot stand aside from the political and economic logic of European integration.

Britain's top company chairmen are now more likely to have been educated at grammar school than public school, writes **Simon Holberton**

A social revolution in the boardroom

The Battle of Waterloo may have been won on the playing fields of Eton but the battle for dominance in the boardroom today was won on the sports grounds of the grammar school.

Over the past decade a remarkable transformation has occurred at that highest echelon of British industry. The chairmen of Britain's leading industrial companies are now more likely to have been educated at a grammar school and gone to a "red-brick" university than to a leading public school or an ancient seat of learning.

For well over a century the boardrooms of British industry, and to a greater extent banking and finance, were dominated by the sons of the well-to-do. From 1850 until the 1970s the chairmen of Britain's biggest companies were most likely to have been educated at a public school (especially one of the elite nine institutions known as Clarendon schools) and to have attended Oxford or Cambridge universities.

But coinciding with the first decade of Mrs Thatcher's prime ministership, the musty world of privilege in Britain's boardrooms has been turned upside down. Researchers at the London School of Economics have uncovered what Professor Leslie Hannah, in a lecture* delivered at the LSE's Centre for Economic Performance yesterday, called an "astonishing" change in the class and educational background of today's industrial leaders.

In an almost mirror image reversal of the preceding 120 years, seven out of 10 chairmen of the boards of the largest industrial companies went either to a grammar school or to other state-maintained schools – nearly double the percentage in 1979. Chairmen who attended the nation's "best" public schools accounted for 24 per cent of top board posts, down from 58 per cent in 1979.

From 1850 until the 1970s, chairmen were most likely to have been educated at a public school

Eton, which provided five company chairmen in 1979, no longer provides any. The only company chairman to have attended a Clarendon public school is Lord Prior, chairman of the General Electric Company since 1984. He was educated at Charterhouse and graduated from Cambridge with a first-class degree in estate management.

Secondary education
chairmen of the top 50 companies +

	1979	1989
Top public schools*	9	1
Other public or fee-paying**	20	11
Top grammar schools***	4	8
Other grammar schools	5	12
Other maintained schools	9	15
Educated abroad	3	3
Total	50	50

Notes: +banks and other financial institutions excluded; *Charterhouse, Eton, Rugby, Shrewsbury, Winchester; **mainly members of the Headmasters' Conference and boarding schools. Two chairmen in 1979 and one in 1989 came from fee paying schools which were not members of HMC; ***DES and SED direct grant grammar schools in 1954, mainly day schools, students from a socially wide group in society, many not paying fees.

University Education
chairmen of the top 50 companies+

	1979	1989
Oxford	5	11
Cambridge	14	5
London	4	4
Birmingham	2	5
Other UK universities	3	8
Overseas universities	3	3
No university education	19	14
Total	50	50

Note: +banks and other financial institutions excluded.

The decline in the importance of a public school education to industrial leaders is reflected in a lessening of the importance of Oxford and Cambridge. While both are still the most dominant universities – they now account for 32 per cent of chairmen against 38 per cent in 1979 – the share of company chairmen from "other", mostly red-brick, universities has more than doubled.

The change at the top of industry is also seen in other institutions of the establishment, notably the civil service. Sir Terence Heiser, permanent secretary at the department of the environment, was brought up on a council estate and left school at the age of 16. The Treasury's two most senior officials – Sir Peter Middleton, permanent secretary, and Sir Terence Burns, chief economic adviser – both attended grammar schools and non-Oxbridge universities. All rose to prominence under Mrs Thatcher.

Yet, is the apparent growth in meritocracy at the expense of the old ruling class in any sense attributable to the prime minister and her particular brand of conviction politics?

She has a penchant for self-made men of action such as Lord King, the non-university-educated chairman of British Airways, and political soulmates such as Mr Norman Tebbit; high Tories whose values used to dominate the party, such as Lord Prior or Mr Francis Pym, have been given short shrift.

Many, if not all, of the economic policies associated with Thatcherism have been in the direction of promoting greater freedom for businessmen. The now not-much-talked-about "supply-side miracle" of the 1980s was meant to have been the result of lifting the yoke of bureaucracy from the shoulders of industry, of allowing managers to manage.

But if the meritocrats who reached the pinnacle of industrial leadership by the end of the decade found the economic environment they operated in more flexible and free, their success in getting to the top is likely to have had little at all to do with Thatcherism.

They are the generation which benefited from the "One Nation" Tory ideals – now out of favour in Downing Street – which inspired R A B Butler's war-time education reform that led to the creation of the grammar schools; and the opening up of opportunity to all classes by Clement Atlee's post-war Labour government.

As Prof Hannah said, the reality of today has its foundations in developments which took place 20 or 30 years ago. "The change has as much to do with Wilson and Benn and unleashing 'the white heat of technology' as it does with Mrs Thatcher."

In his lecture yesterday he noted that the average age of the chairmen in the sample was 59 last year. Typically, they finished their education in the 1950s and progressed through middle management positions in the 1960s and board promotions in the 1970s.

"These were decades of widening educational opportunity, but also, we are now prone to forget, of profound changes in attitudes both within and towards business. As the major continental European countries began perceptibly to overtake British living standards in the 1960s, social and cultural changes accelerated, stimulated by the increased contemporary perception of the national, industrial and personal importance of business success."

The widespread view that English culture is inimical to business – a view controversially propounded by the American historian Martin Wiener in his 1981 book English Culture and the Decline of the Industrial Spirit 1850-1980 – was, according to Prof Hannah, being confounded in the 1960s.

In the first half of this century, possibly only a third of university graduates opted for a career in industry and commerce; by the 1960s the proportion had reached two-thirds. In 1988, about 80 per cent of men graduating with first-class honours degrees sought employment in industry and commerce.

Five of the current top 50 chairmen have first-class honours degrees and three have masters of business administration degrees. Given the trend towards highly qualified graduates seeking a career in industry, Prof Hannah believes the successors to the cohort of chairmen will be drawn from an impressive pool of talent.

"It would take a curiously myopic and self-satisfied academic to feel that these trends alone – deep-seated and long-run though they are – will guarantee Britain's business success in the 1990s," he said in his lecture.

"But, equally, it would take a peculiarly British form of cultural deformation to argue that the shift towards meritocracy and positive graduate attitudes towards business will not greatly strengthen the capability of British business to further improve their strategic performance in the increasingly competitive markets they now face."

'The change has as much to do with Wilson and Benn . . . as it does with Mrs Thatcher.'

* *Human Capital Flows and Business Efficiency: Sense and Nonsense in the Wiener thesis.*

Countdown for the former junk bond king

Michael Milken's sentencing will lay down a marker on white-collar crime, reports **Nikki Tait**

"High drama" was the advance billing given the pre-sentencing hearing of Mr Michael Milken, the former junk bond specialist at Drexel Burnham Lambert, the investment bank. In the event, as proceedings shuffled to a conclusion last week, the impression was more Pinteresque: full of dark hints and pregnant suggestions, but one which left the audience uncertain as to what conclusions should be drawn.

The case matters, for reasons which go beyond the personal fate of Mr Milken. It has an extraordinarily high profile in the US. It is of a completely different order, say, from that of the Guinness trial in the UK. As a result, the sentencing – expected shortly – will set a marker in the public consciousness on how "white-collar" crime is treated.

In addition, the Drexel/Milken story is anything but closed. Drexel sought protection from its creditors under Chapter 11 of the US Bankruptcy Code earlier this year, but the extent to which its activities – and those of the junk bond department in particular – may have contributed to the multi-billion-dollar savings and loan debacle has yet to be fought out in the bankruptcy courts.

Another large question mark hangs over how much money remains salted away in lucrative Drexel employee partnerships, and whether the investment bank itself may be entitled to reclaim any of it. Investors with civil damage suits may yet look to Mr Milken as a means of reclaiming money. Prosecutions of other Drexel employees are under way or in preparation.

The hearing was a legal oddity in that it examined alleged crimes which Mr Milken denied. Mr Milken had already pleaded guilty to six charges related to securities law violation and agreed to pay $600m in fines and restitution – presumably to avoid just such an examination. In return, he received immunity from further prosecution for himself, his family and his brother Lowell, a key figure in Drexel's Beverly Hills operation.

But while five of these charges related to specific events, the sixth was a broader conspiracy charge. In his plea, Mr Milken acknowledged other unspecified acts "which were wrong". The prosecution submitted a 130-page sentencing document elaborating on them, and Judge Kimba Wood allowed 40 hours of testimony focused on three allegations.

The prosecution had several problems to contend with. Witnesses were testifying about events that happened between 1983 and 1986 and lapses of memory littered the record.

For example, Mr Peter Gardiner did not remember whether he had telephoned Mr Cary Maultasch, another Drexel employee, about the shares of Wickes, a home products company. Mr Maultasch, lounging in the witness box, said that at Mr Gardiner's orders he had asked Boesky Organisation, headed by Mr Ivan Boesky, the arbitrageur, to inflate Wickes's share price by buying stock.

Mr Gardiner had no memory of his supposed conversation with Mr Maultasch, yet his recall of other events on the same afternoon was surprisingly clear. He described graphically how Mr Milken pointed to his trading screen and said: "Peter, Wickes, six and one-eighth," the price at which Drexel wanted the shares to close.

Such inconsistencies exacerbated the government's second problem – namely, that many of its witnesses (largely Drexel employees and clients) had traded their stories for immunity from prosecution. Worse, their tales had altered along the way. Mr Milken's lawyers did not miss their chance: "Is this another instance of your lying under oath?" Mr Arthur Liman, Mr Milken's lawyer, asked one witness.

The third and arguably most serious flaw was that the prosecution failed to pin down Mr Milken personally and irrefutably in most regards. The more ambiguous flavour appeared in testimony by Mr Jim Dahl, Drexel's former head salesman, about Mr Milken's reaction to news that Mr Boesky – with whom Mr Milken had a long and allegedly illegal trading relationship – had co-operated with the government in the face of insider dealing charges. Mr Milken, he said, told him that no subpoenas had been issued (although, in fact, they had). "Do what you have to do," the junk bond king is supposed to have said.

Assuming Mr Dahl's account is true, this is scarcely the behaviour of an unworried man. But does it constitute proof of obstruction, as implied by the prosecution?

Time was very much on the government's side. As the hearing wore on, too many questions were left unanswered. At the very least, it was hard to walk away from the courtroom without a reinforced impression of a west coast operation which doled out favours to its friends, had scant regard for securities law and was supervised by the two Milken brothers down to the last detail.

By the end of the hearing, the judge appeared to be less than enthusiastic about the performance of Mr Milken's lawyers, who she said were asking leading questions. She and they clashed again on whether Mr Milken needed further immunity before he could testify in his own defence. The judge said he did not; Mr Milken did not appear.

What will Judge Wood decide? Her choice is wide – anything from a maximum jail term of 28 years to "community service".

Most observers guess that Mr Milken will be sentenced to five years in prison, two years more than Mr Boesky received. But the judge's hostility towards Mr Milken's lawyers, and the steady improvement in the prosecution case as the weeks wore on, lead some of Mr Milken's critics to predict harsher terms. Compounding this theory is a widespread suspicion that Mr Milken who, unusually, only agreed to co-operate after his sentence was handed down, may not be overly forthcoming if given little time to serve. The reasoning is that the heavier the penalty, the more anxious he will be to pare it down by assisting further inquiries. A heavy sentence might give the authorities more leverage.

LETTERS

A-levels and the independent school

From Mr V.S. Anthony.

Sir, You have given prominence to arguments for the maintenance of what is best in our present system for educating sixth formers. Robin Reeve ("Why reform holds no lessons for the able," October 17) and your education correspondent, Norma Cohen, have made out "the powerful case for A-levels" and pointed to the dangers of some of the proposals for AS/A-level reform contained in the consultation document of the School Examinations and Assessment Council (SEAC).

However, it would be wrong to suggest ("Time to reform A-levels," October 29) that independent schools are against curriculum change, or that such change cannot be achieved while retaining A-level, at least for the more able pupils.

The Headmasters' Conference has for some time been arguing for a range of post-16 courses designed to meet the needs of each ability group. Apart from A-level, there should be AS-levels intermediate in standard between GCSE and A-level. There should be appropriate vocational courses provided perhaps by BTEC. Some schools might use the International Baccalaureate.

All pupils in the lower sixth form should study at least five subjects and there should be enough flexibility for pupils to take any combination of A-level, AS-level and BTEC considered appropriate by pupils, their teachers and parents.

Modular courses might help to provide this flexibility. All of these routes should be acceptable for entry to higher education.

No single system of courses and examinations can cater for all needs within this age group, and in arguing for the availability of A-levels for the most able, independent schools are not opposing the introduction and development of other courses suited to the needs of other pupils. Indeed, teachers from our schools are heavily involved in a range of curriculum development initiatives at this time.

V.S. Anthony,
secretary,
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130 Regent Road,
Leicester

From Professor Leslie Hannah.

Sir, The correspondence elicited by Mr Reeve, headmaster of King's College School, Wimbledon, may give the impression that A-levels serve the narrow vested interests of universities and élite schools, which need to be overridden for the sake of the population as a whole or the needs of industry. This is at best a half-truth.

I yield to no one in my admiration for the real benefits of the education dispensed by Mr Reeve. I benefited from a similar education for which I will be forever grateful. It meant that my specialised Oxford degree course was an easy three-year coast.

However, it rapidly became clear that I would have to undergo what, in less exalted groves of academe, would be known as remedial training, to overcome the gaps left by early excessive specialisation at A-level. Many university departments still have to spend a good deal of time on such education for the products of schools like Mr Reeve's: whether arts men who have little idea of maths beyond the elementary stage, or semi-literate mathematicians.

Ultimately, for academic purposes, skills have to be acquired and it does not much matter when. There is no particular reason to favour the lop-sided approach induced by English A-levels, which leaves some school work to universities.

At the London School of Economics we do not need to theorise about alternative systems because most of our students now come from abroad and many do not have the alleged advantages of Mr Reeve's A-level regime. Such students do find it hard to catch up with the hothouse-forced excellence of our English A-level students.

Yet they have ample time to do so because, by the same token, they do not suffer from the academic disabilities foisted on their English colleagues by the narrow range of specialist A-levels. At the end of the course, skills and honours are equally spread between the two groups. It is absurd to suggest that, if A-levels were reformed to something like the broader curriculum enforced elsewhere in the world, the academic élite of English students would fail to respond in a similar way.

There are no overriding academic reasons to oppose A-level reform, if broader considerations require it, as they so plainly do.

Leslie Hannah,
London School of Economics,
Houghton Street, WC2

From Mr John Plackett.

Sir, I write to endorse the comments of Eric Anderson, the headmaster of Eton, ("Needed: an intermediate exam," October 27).

The current system of A-levels and AS-levels offered to many sixth-formers is inadequate because the role of the AS-level examinations has not been clearly thought out. At present they are designed to complement and to contrast with the A-level subjects chosen by the more academic students. But, as they cover less material to the same depth as A-levels, they are unsuitable for the less academic students whom we wish to encourage to stay on.

Mr Anderson mentions two existing models, the Scottish Higher and the AS-level, as possible ways to proceed. But he does not mention a third possibility which existed in some state schools in the late 1970s and early 1980s. This was the Certificate of Extended Education or CEE.

This examination was available in many subjects and was designed for students with higher grades in the then CSE examinations. These were students who would now obtain grades C, D and E at GCSE.

The material in my subject, chemistry, followed on well from the work covered at CSE and would not overwhelm the weaker students who currently embark on A-level courses with little real hope of passing. It also brought on late developers who could subsequently take an A-level course.

When CEE was abandoned it left, and continues to leave, many students with no realistic choice for their post-16 education given that A-levels and BTEC courses are not for them.

John Plackett,
3 Green Walk,
Earby,
Colne, Lancashire

Tilting at museum windmills

From Mr Roger Kojecky.

Sir, Robin Lane Fox has been caught napping. His review ("Shaky evidence for the Bible's taller tales," October 27) of the Bible and Archaeology Exhibition in the British Museum works up a lot of heat about inadmissible claims that archaeology supports the Bible. The assumption is that the admittedly well-displayed archaeological finds are lined up expressly to confirm the Bible and to support belief in the religion (or religions) in which it is a sacred text.

A glance at the exhibition guide shows this is not so. "Modern scholarship," say the organisers circumspectly, "no longer tries to use archaeology to prove or disprove the validity of the Bible as a historical document, though recent archaeological and scientific advances allow us to examine events and characters of the biblical texts in an astonishingly detailed light."

That said, the exhibition is more concerned with archaeology than with the Bible, but associated with both are disciplines or bodies of knowledge which at some points meet. A limited display of this kind cannot attempt to be systematic or comprehensive about the points of contact, still less to present an argument or develop an apologetic. All that can be done is to make a few selections of archaeological finds in the light of biblical history, leaving any conclusions for others to draw.

One of the most evocative exhibits, just in terms of common humanity, is an example of the ostraca, messages written on potsherds, from a Hebrew commander days before the fall of Lachish in 586 BC. The signals refer to YHWH (God), but otherwise have no biblical significance.

On the Dead Sea Scrolls and the Israelites in Egypt, Robin Lane Fox is, so far as he is comprehensible, quite wrong. At least that is one view, but these are matters in which opinion and interpretation come into play. It seems to me that Robin Lane Fox has gone in for the risky business of tilting at windmills in the British Museum.

Roger Kojecky,
10 Dene Road,
Northwood, Middlesex

A healthy return for savers

From Mr G.D. Drewitt.

Sir, How right of John Major to abolish composite rate tax levied on savings from the start of next financial year ("A tougher man at Number 11," October 27). With hindsight how wrong of Nigel Lawson to abolish life assurance premium relief in 1984 as many savers have learnt to their cost.

Tax exempt special savings accounts (Tessas) and personal equity plans (Peps) are all very well. However, these tax efficient savings vehicles fail to provide the great attraction of tax relief at outset. With Mrs Thatcher's emphasis on self-help and thrift, surely the time is fast approaching for the introduction of some form of tax incentive up front to encourage long-term – say five years or more – regular saving plans to ultimately provide capital for industry and commerce and a healthy return for savers.

G.D. Drewitt,
5 New Street,
Salisbury, Wiltshire

Airports or shopping malls

From Mr Peter Tray.

Sir, Duty-free shopping on arrival has, I think, been tried, in Rio de Janeiro for example, but, as Mr Ryan (Letters, October 29) rightly surmised, it is not wildly successful.

Another issue is the alternative use to which the space presently taken by duty-free shops and, indeed, all airport shops could usefully be put. I remember when an airport existed purely for the transit of passengers. Today they resemble shopping malls with the odd aircraft thrown in as an added attraction.

Most travellers would be prepared to pay a modest increase in air fares in exchange for the greater comfort and convenience provided by larger check-in areas, lounges etc. This might even speed passengers on their way, thus avoiding the boredom leading to shopping. Bad news for BAA shareholders, but good news for passengers.

Peter Tray,
Richard, Archie & Co,
Accent House,
683 High Road, N12

UK COMPANY NEWS

Chairman stands down at debt-laden Cookson

By Clive Cookson

MR MICHAEL HENDERSON has resigned as chairman and chief executive of Cookson, the debt-laden industrial materials group. The company has re-appointed Mr Ian Butler, who retired as chairman in May, "until a permanent successor has been identified".

Mr Henderson's resignation comes less than two weeks after Cookson agreed to sell its 50 per cent share in Tioxide to ICI, its joint venture partner, for £160m. Many analysts saw that as a forced sale at a knock-down price, and it is believed that there was some distress inside the company that Cookson got so little for a stake that was regarded early this year as being worth several hundred million pounds.

The departure of Mr Henderson was immediately compared in the City with Mr James White's resignation as chairman and chief executive of Bunzl on Thursday. There are obvious similarities – both men masterminded ambitious acquisition programmes that went on too long and left their companies financially over-extended when interest rates went up and trading conditions began to deteriorate this year.

But sources in the Cookson group said the manner of their departure was different. While Mr White's resignation was forced by institutional investors, outside shareholders did not put direct pressure on the Cookson board or Mr Henderson. According to one Cookson insider, Mr Henderson resigned on Thursday night after it became clear that he had lost the confidence of the company's own senior executives.

Yesterday Mr Butler was unwilling to discuss exactly what had forced his friend and longstanding colleague to resign. The two had worked together for 25 years and formed a close partnership during the 1980s – Mr Butler as chairman and Mr Henderson as managing director and then chief executive – as they transformed Lead Industries, a traditional metals and chemicals manufacturer, into Cookson, a high tech materials group focused increasingly on ceramics and plastics.

Mr Butler, who is 65, said Cookson would look for further disposals to reduce the company's debt but declined to identify his priorities for the future. "Although I have the advantage of knowing the people and the background of the business, I have to review the current strategy before I can pinpoint the priorities," he said.

But he emphasised that the group's survival was not in question and that Mr Henderson's resignation was not prompted by any new financial or trading problems.

Mr Tim Harris, chemicals analyst with Nomura Research Europe, said Mr Henderson was right to resign. "It would have been inappropriate for him to lead the company through the recession. A chief executive who puts a group together should not be asked to take it apart again."

See Lex

Germans buy Lilley stake in Tilbury for £34m

By Andrew Taylor, Construction Correspondent

LILLEY, the heavily borrowed Scottish based construction group, yesterday sold its 29.9 per cent stake in Tilbury the British contractors and house-builders for £33.6m.

Some of the shares were acquired by Philipp Holzmann the German construction group which increased its stake in Tilbury from 14 per cent to 29 per cent.

The remaining 15 per cent were acquired by Advanta a German investment group.

Lilley acquired its shares after it narrowly failed to gain control of Tilbury in a £137m bid last summer. Lilley last month said the cost of holding the Tilbury stake had reduced its pre-tax profits by £785,000 during the first six months of this year.

The group's profits as a result fell by 20 per cent from £8.16m to £6.52m. Mr Bob Rankin, Lilley's chief executive, said profits would have fallen by only 10 per cent but for the higher interest charges associated with acquiring Tilbury shares.

Lilley said yesterday that it had sold the Tilbury stake to Holzmann and Advanta for 550p a share. This represents a loss of 85p share on average price of 635p paid for the 6m Tilbury shares. The sale however will help reduce Lilley's borrowings which at the end of June stood at £70m compared with shareholders funds of £38m.

Holzmann said that it had no intention of making an offer for the rest of Tilbury although it might review this position if a bid was launched for the company by a third party.

Holzmann is among a growing number of Continental European companies which have acquired strategic stakes in British contractors.

Victims of the institutional bullet

John Thornhill examines the three board resignations at Bunzl

Six months ago Mr James White, chairman and chief executive of Bunzl, faced a barrage of criticism from private shareholders at the specialist manufacturing and distribution company's annual general meeting.

Many shareholders felt aggrieved that having been led up to the top of the hill by Mr White's ambitious expansion plans in the late 1980s they were now being led back down again with a big and costly disposal programme and falling profits.

"Too much corporate power in one pair of hands has proved too expensive," said Mr Alan Diamond, a private shareholder. Several others called for Mr White's resignation.

Mr White partly defused the situation by personally accepting a large measure of blame. But earlier this week these vociferous shareholders got their way.

On Thursday Mr White, along with Mr Paul Lorenzini, president of Bunzl Distribution in the US, and Mr Brian Ford, managing director of the service and distribution division, abruptly resigned.

The jittery market was unsure what to make of the move and Bunzl's shares fell heavily yesterday morning before recovering to close ½p up on the day at 57½p.

But Bunzl was at great pains to stress that the resignation of the three directors was no reflection on the company's underlying trading or financial position.

Mr David Kendall, a non-executive director of Bunzl who become non-executive chairman following the resignations, said: "We are trying to reassure people that the company is stable and that none of the changes involved issues of the company's finances. Nobody need be concerned on that score."

Mr Kendall, a former managing director of BP Oil, said the directors' departure followed a board discussion over management style. "It was the culmination of the debate about how the company would be managed and the split of the role of chairman and chief executive," he said.

He hinted that the institutional shareholders - the Prudential and Robert Fleming Holdings are the two largest - had exerted some influence.

One of the company's followers was blunter: "The non-executives fired the gun but the bullet was provided by the institutions.

"The City was in love with White with an unreasoning and blind passion. He was viewed as absolutely wonderful and the company enjoyed a most fantastic rating. But when the market falls out of love with people it does so with a vengeance," he said.

But how do the directors' resignations leave Bunzl?

From a management point of view, the company is looking sadly depleted. But Mr Kendall said he would not be "hanging around" to find a new chief executive and in the meantime Mr White, and the other two directors, will stay with the company to give a "helping hand" over the remaining six months they have under contract.

Mr John Kenny, packaging analyst at Barclays de Zoete Wedd, said that as long as effective new managers could be quickly brought in then the "changes should be viewed as a positive thing" as they resolved the uncertainty that has hung over the company.

James White: accepted a large measure of blame

From a trading point of view Bunzl will probably also not be greatly hampered. Mr Kendall said Bunzl was still committed to the company's existing strategy which now focused on four areas: distribution of paper and buildings materials and cigarette filter and plastic making.

Ironically, Mr White had nearly completed a substantial restructuring programme that had gone a long way to remedying the company's most pressing problems.

Although Bunzl expanded hectically between 1986-89, buying businesses at the rate of about one a fortnight, Mr White had since presided over a drastic 18-month slimming down programme which raised £125m.

As a result, gearing has been brought down from over 100 per cent to a more manageable 50 per cent and interest cover is now a reasonable seven times.

Mr Mike Murphy, packaging analyst at Warburg Securities, said yesterday: "The group as it is presently constituted is in a very strong position in paper distribution in the UK and the US. The important thing is that there is some good solid long term value in the business which is not recognised on a p/e of 7.3."

Analysts' pre-tax profits forecasts for this year are in the mid £50ms – compared with last year's figure of £65.4m – and earnings per share are estimated at about 8p.

Some analysts are now recommending the shares as a risky recovery punt. And there remains the possibility that a predator will seek to exploit the company's uncertainties.

Although it is foolhardy to suggest anything for sure in today's uncertain economic climate, it appears that Bunzl's shares may have reached a floor.

Mr Kendall certainly seems assured. "I am very confident of the future of Bunzl. I hope that the bad times are now behind us," he said yesterday.

Lehman sues Nadir for £18.5m

By Clay Harris and Raymond Hughes in London and **David Barchard** in Istanbul

MR ASIL NADIR'S personal financial crisis deepened yesterday when Lehman Brothers International sued him for non-payment of £18.5m relating to shares in Polly Peck International which he bought in September.

Lehman Brothers is supporting a petition for bankruptcy filed by Barclays de Zoete Wedd on October 25, which cited £3.6m in uncompleted purchases made by Mr Nadir. BZW and Lehman Brothers are joint brokers to Polly Peck.

Carr Kitcat Aitken, a third stockbroker through which Mr Nadir bought shares in September, is expected shortly to support the BZW petition, which is due to be heard on November 21. It would not comment yesterday.

In Turkey, meanwhile, the authorities have warned one of Polly Peck's administrators that they want to see an early outcome to the Serious Fraud Office's investigations into the group.

Mr Richard Stone of Coopers & Lybrand Deloitte, the accountancy firm, said yesterday in Istanbul: "Mr GüneşTaner, Minister of the Economy, has made it clear to me that his position is impeded by the lack of clarity arising from the SFO investigations into Polly Peck."

It is understood that Ankara is increasingly alarmed that two SFO raids – one on South Audley Management, a company owned by Nadir family trusts, and one on Polly Peck itself – have dealt a serious blow to Polly Peck, although no charges have been preferred against any of its directors or employees.

This may be a barrier to the removal of any remaining legal obstacles to the Polly Peck administrators in Turkey.

In northern Cyprus, the administrators are blocked by an injunction banning all the group's companies from disclosing information, at least until November 26. A partner of Cameron Markby Hewitt, the London firm of solicitors assisting Coopers, is to visit northern Cyprus early next week.

There are signs that Turkish opinion is now shifting in Mr Nadir's favour. President Turgut Ozal, who for several weeks has declined to comment on Polly Peck, broke his silence to tell Turkish Cypriot journalists that nothing is going to happen to the group's operations in Turkey or Cyprus.

Mr Süleyman Demirel, a former prime minister and one of the main opposition leaders, warned that there could be serious consequences if fraud is not proven in the affair.

Mr Stone left Turkey last night after two days of talks with Turkish government officials and banks. Mr Stone described Vestel, Polly Peck's local consumer electronics subsidiary, as a "good business" and he was hopeful of getting access to Meyna, its fruit export arm.

Mr Nadir bought shares worth £35m between Polly Peck's interim results announcement on September 3 and the collapse and suspension of its shares on September 20. He is not known to have settled any of the deals.

- Four High Court writs claiming a total of £21m in respect of alleged defaults on payment of negotiable bearer sterling commercial paper were issued against Polly Peck before administrators were appointed last week.

A lawyer for one of the plaintiffs said the writs were issued as "a purely protective measure". The appointment of administrators froze all Polly Peck's debts, but with the writs issued before that "the interest clock kept running".

Approach for Xtravision

By Andrew Bolger

Xtravision, the Dublin-based video rental company, said yesterday that Cambridge Group, the Irish-based financial services organisation, had approached it and might make an offer for Xtravision after a dramatic fall in its share price.

Xtravision was launched on the USM in London amid considerable publicity 18 months ago. The original Xtravision placing was at Irish 48p (44p). The shares reached just over I£1 at one stage, then there were two rights issues, one at 80p, the next at 40p.

Yesterday Xtravision's shares closed unchanged at 8p – a drop of 91.4 per cent since the start of the year. Xtravision expanded too fast and apparently overvalued its video stocks.

Most of Cambridge's business is in leasing.

Leading Leisure shares suspended

By Andrew Bolger

SHARES in Leading Leisure were yesterday suspended at 2p, pending clarification of the financial position of the troubled leisure and property group.

At that price, the Third Market company has a market value of £1.3m.

Last year the shares reached a high of 96p.

In September the board sa id it was "approaching a selected list of parties with a view to their taking some form of participation in the group, which might include the possibility of a full offer."

Mr Barry Malizia, chairman and chief executive, told the company's AGM in July that "confidence needs to be restored with our bankers and creditors." At that time it had debts of of £66m and gearing of 140 per cent.

On Tuesday, Leading Leisure announced the sale for £7.3m of eight bingo clubs, the Needles Pleasure Park on the Isle of Wight, and its contract catering business to Wembley, the leisure group which owns the London stadium.

BS merger with Scott's is strongly opposed

By Richard Gourlay

A PROPOSED merger of BS Group, the Bristol-based stadium and property group, with Scott's, the restaurant chain, yesterday ran into stiff opposition from irate minority shareholders in BS following publication of an independent valuation of Scott's assets.

The document provides the latest controversy surrounding the extent BS is controlled by the Kerman family, led by the 85-year old Mr Isadore Kerman, who is the chairman of both Scott's and BS.

Should the merger go ahead on the terms proposed the Kerman family could exercise control over BS.

BS shareholders are being asked to approve the offer of four new BS shares for every Scott's share not already owned by BS.

This values Scott's, which runs Overtons, Scotts Sheekeys and Drones restaurants in London, at £7.15m. Baker Lorenz, the chartered surveyors, valued the restaurants at £6.43m.

An independent valuation of the Scott's assets by de Morgan, a surveyor commissioned by Abingdon Management, a private investment company representing a collection of smaller BS shareholders, yesterday valued Scott's restaurant's at £2.3m.

Abingdon Management has notified the takeover panel of the discrepancy.

The Kerman family and Scott's, in which the the Kerman family has a controlling interest, currently hold 23.1 per cent of BS's voting shares.

In 1989, the Kerman family's interest in BS rose above 30 per cent, the level at which the Takeover code would normally require a full offer to be made.

The Stock exchange allowed BS shareholders to approve conversion of some of the Kerman interest into non-voting shares.

As a result the family now also owns non-voting shares which it can convert into voting shares by notifying BS.

Mr Edmund Bruegger, a director of Singer and Friedlander, the merchant bank which is advising BS shareholders, said he had passed the de Morgan valuation to Baker Lorenz but that he did not think the new valuation was relevant.

Telfos makes £7m provision after 'interim assessment'

By Maggie Urry

TELFOS HOLDINGS, the railway engineering group which last month accepted the resignation of its chief executive apparently after board room disagreements, has made a £7.1m provision against investments and contingent liabilities.

The shares fell 2p to 66p yesterday, and are down from 100p before the announcement of Mr Jonathan Malins resignation on October 23.

The provisions announced yesterday were "an interim assessment" of the provisions necessary following a review of the non-core activities.

Mr Stephen Cockburn, chairman, said that the group had £10m in cash, the balance sheet was strong despite the provisions and the engineering order books were good. He said the provisions represented "a prudent valuation" of the investments and contingent liabilities.

A provision of £1.3m has been made against Nelson Asset Management, which owns a near 20 per cent stake in Corporate Data Sciences, a listed US company, writing down the stake to the market price.

A further £1.5m of the total represents losses on listed investments, some of which were exchanged for shares in a smaller companies investment trust.

Another £2m is against unlisted investments, while £2.2m has been set aside against contingent liabilities, including a guarantee on a loan made to the purchaser of a property in Yorkshire.

Sinclair 89.8% take-up

A RIGHTS issue to raise £5.58m, net of expenses, by William Sinclair Holdings, a supplier of garden products, has attracted acceptances in respect of 89.8 per cent of the total of 3.2m ordinary shares on offer.

Acceptances in respect of 2.87m ordinary 25p shares – offered at 180p – have been taken up.

Proceeds are to be used in continuing the acquisition programme, to implement an internal investment programme and to provide further working capital.

A fixed link to investor wealth, or a bottomless pit of costs?

How accurate can Eurotunnel's revenue projections really be, ask **Andrew Taylor** and **Richard Tomkins**

THERE IS little doubt, even among the bitterest opponents of the Channel tunnel, that the project will now be completed.

Eurotunnel, with its £532m rights issue securely underwritten and a £2bn refinancing agreement with international banks, has all the cash it needs to finish the project, it says.

More than 70 per cent of the tunnels and 60 per cent of the massive rail terminals at Folkestone in Kent and Sangatte in northern France have been completed.

It is hard to believe that work would be halted even if more money were to be required.

The question, as Mr Alastair Morton, Eurotunnel's tough chief executive, puts it, "is not whether the tunnel will be built, but whether the shareholders will make money out of it".

The prospectus due to be published next week, similar to that published in 1987 when Eurotunnel made a £750m share offer for sale, will contain a health warning. Shareholders are likely to be warned that "investment in Eurotunnel still involves a significant degree of risk".

This risk can be divided in two parts.

Firstly that the construction and installation of the railway system could face further delays and increases in costs; secondly that forecasts of traffic and revenue, which will provide shareholders with the return on their investment, may be too optimistic.

Construction costs since 1987 have risen from £4.8bn to £7.6bn – an increase of almost 60 per cent. The biggest single increase has been in the cost of tunnelling which has risen by just over 50 per cent.

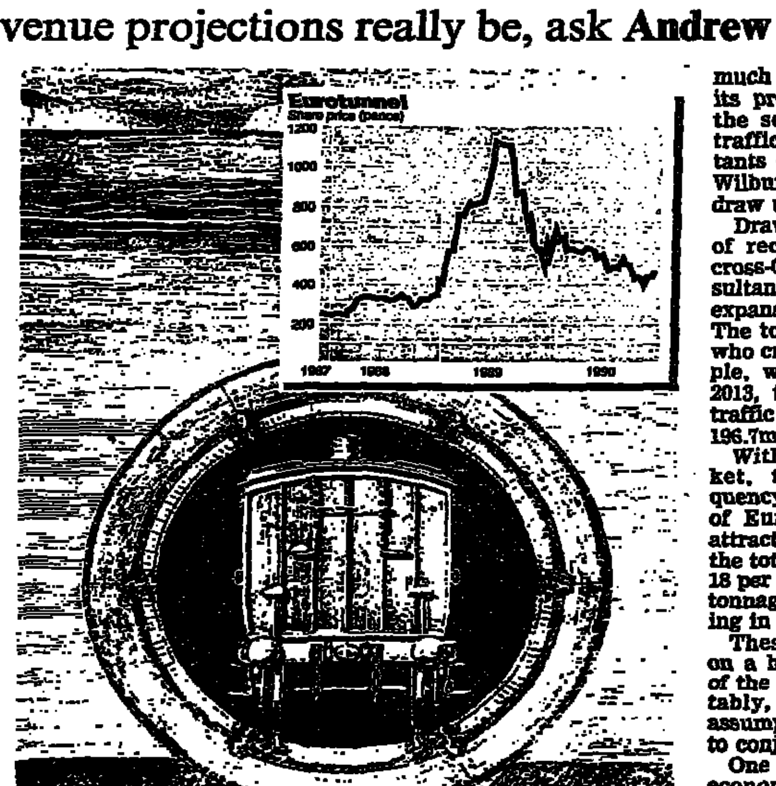
Eurotunnel argues that most of the construction risk is behind it, following the meeting under the Channel this week of the British and French ends of the service tunnel. Engineers digging the final few miles remaining of the two main rail tunnels will now have the benefit of the experience of the service tunnel.

There should be no more unpleasant surprises caused by an unexpected deterioration in ground conditions.

Work on the terminals is also well advanced and 90 per cent of the fixed equipment and all of the rolling stock has either been ordered or priced by tender. The risk of further unforeseen price rises on equipment is therefore restricted, says Eurotunnel.

These components, including the sophisticated signalling and mechanical and electrical equipment, still have to be fitted together to create an efficient and profitable railway system. The components may be standard railway equipment, involving no requirement for a breakthrough in technology, but will be operating in a unique environment in the world's longest undersea tunnel.

Nobody can be quite sure how ventilation and cooling systems will work until the first trains operate. Construction is due to be completed by the end of 1992 allowing Eurotunnel six months to get the railway running smoothly and make final tests on safety equipment and procedures. These have so far been approved in principle by a British and French Intergovernmental Safety Commission overseeing the tunnel's design.



John Bateman's 1869 plan for a tunnel lying on the sea bed: Eurotunnel holders must hope their 1998 returns will surface

Another issue to be resolved is that of the claims for up to £1.4bn at out-turn prices for extra payments by British and French contractors. Eurotunnel – which is disputing the claims – has made provisions of £600m-£700m within its current estimate of costs of £7.6bn to cover them. It expects to have to pay only about half of this.

In addition, the £8.7bn raised by Eurotunnel since 1986 provides a contingency of more than £1bn to cover any further unforeseen increases in costs.

One thing that can be said with absolute confidence about Eurotunnel's revenue projections is that they are wrong.

Traffic forecasts always are – witness, to take a couple of recent examples, the severe underestimate of demand for the M25 London orbital motorway and the embarrassing overestimate of demand for the Humber Bridge.

Eurotunnel has brought as much credence as possible to its projections by employing the services of independent traffic and revenue consultants – SETEC Economie and Wilbur Smith Associates – to draw up the forecasts.

Drawing on the experience of recent strong growth in cross-Channel traffic, the consultants predict further rapid expansion of the total market. The total of 59.7m passengers who crossed in 1988, for example, will grow to 158.8m in 2013, they say, while freight traffic will rise from 69.8m to 196.7m gross tonnes.

Within this growing market, they expect the frequency, speed and reliability of Eurotunnel's services to attract about 32 per cent of the total passenger traffic and 18 per cent of the total freight tonnage soon after the opening in 1993.

These forecasts are based on a highly detailed analysis of the marketplace, but inevitably, they rest on certain assumptions which are open to conjecture.

One is that the key macroeconomic forecasts underlying the overall traffic predictions – growth in UK gross domestic product of 2.4 per cent per year between 1993 and 2003, for example – do not appear to provide for the possibility of political upheavals or any oil crisis resulting from conflict in the Middle East.

A second point of concern is that the projections seem to assume unfettered growth in car ownership at a time when concerns over the environment and sheer lack of road space suggest that constraints may eventually be imposed.

On a competitive note, too, many critics believe the projections underplay the inevitability of a price war as the ferries fight to hold their market share by introducing larger, more efficient vessels.

But the risks are not all on the downside. For example, Eurotunnel argues that the consultants have included only a fraction of the extra traffic likely to be generated by the existence of the tunnel itself. They have also taken no account of the implications for traffic flows of the recent liberalisation of the Eastern European economies.

The key question, therefore, is not whether the projections are correct, but whether they understate or exaggerate the likely revenues. Nobody can be sure whether Eurotunnel will be an M25 or a Humber Bridge. All investors can do is calculate whether the risks are justified by the potential rewards.

See Lex

Rights timetable

Monday, November 5: Full prospectus available.

Friday, November 9: Full prospectus and letters of entitlement sent to registered unitholders.

Monday, November 12: Dealings commence in subscription rights and nil-paid rights. Existing units trade ex-rights. Telephone subscription service (0922 745745, weekdays only) begins operating.

Monday, November 26: Telephone subscription service closes.

Monday, December 3: Last date for acceptance, payment in full and return of travel privilege forms (registered and direct bearer unitholders)*.

*Sicovam bearer unitholders will be sent travel privilege forms by February 28 1991, for return by March 31 1991.

Deep discount to lure apathetic investors

By Andrew Hill

WHEN AN established public company, with a known trading record, launches a rights issue into a delicate stock market, shareholders are faced with a difficult decision.

The decision facing 530,000 shareholders in Eurotunnel, a unique company which is unlikely to pay dividends until the end of the century and will not trade for at least three years, is even harder.

Eurotunnel has tried to ease the task for investors by publishing a sheaf of financial projections in the prospectus to its £532m rights issue. The prospectus, available from Monday, will also contain several carrots to encourage continued loyalty.

Easiest to understand are the perks attached to new units. During the subscription period, travellers other than the shareholder can be nominated to enjoy the privilege of half-price travel.

These perks are difficult to value – half-price trips can be taken at any time and those eligible could travel alone or fill their cars with people – but their existence could be one factor encouraging a buoyant market in "nil-paid rights" during the subscription period (November 12 to December 3).

A nil-paid right is the right to buy new units. It can be sold on by shareholders who cannot or do not wish to increase their holding.

Eurotunnel has set itself the task of ensuring that its small shareholders – who own about 40 per cent of the equity – know how to do this.

A desire to encourage notoriously apathetic private investors to act, and not just throw away the prospectus, is one reason for the deeply discounted issue price.

If registered holders – who are mainly in the UK – do nothing, they are still likely to receive cash for their rights, because Eurotunnel's UK brokers will attempt to place the unsold rights in the market. But some 80 per cent of Eurotunnel's investors are bearer unitholders, principally in France. Their rights pass straight into the hands of the underwriters if they take no action.

Based on yesterday's opening price of 470p, existing units should drop to 401p (the "ex-rights" or average price of new shares and existing shares) when dealings in nil-paid rights begin on November 12. The theoretical value of the nil-paid is therefore about 116p (the ex-rights price less the issue price of 285p). But trading could be volatile as new investors attempt to buy into Eurotunnel by taking up the rights which other shareholders do not want.

Eurotunnel's projections are also subject to an almost infinite number of variables.

The group projects a first net dividend, paid in 1999 for the year ending December 31 1998, of 21p per unit, a gross dividend yield of 10 or 11 per cent on the rights issue price. On the basis of projected dividends over the following 43 years, discounted back to 1999 at a rate of 12 per cent, Eurotunnel estimates that the units could be worth £16 each in mid-1999.

But stock market sentiment is bound to be affected by other factors, such as completion of the tunnel or perception of the project's success in the first years of trading from 1993. And altering the discount rate, as Eurotunnel admits, has a great impact on the projected unit value: if 10 per cent is assumed, for example, the 1999 projected value increases to £21 a unit, or decreases to £10, if 15 per cent is taken as the rate.

Such financial juggling may turn out to be academic for most investors, particularly those who bought shares in the original public offer for sale in 1987. Even Eurotunnel's advisers admit privately that much of the theoretical financial information in this prospectus has been included to satisfy the group's lawyers on both sides of the Channel. When it comes down to it, an investment in the project remains an act of faith.

UK COMPANY NEWS

Ferranti still looking for Creditphone buyer

By Charles Leadbeater, Industrial Editor

FERRANTI International, the defence and electronics group, is still searching for a buyer of its 64 per cent stake in Ferranti Creditphone, one of the four UK consortia licensed by the government to establish and operate a telepoint mobile telecommunications service.

Ferranti put the stake on the market in July as part of the strategic review of the group's future instituted by Mr Eugene Anderson, the chairman appointed earlier this year in the wake of the discovery of a £215m fraud at the company.

As a result of the review the company has made a further 300 redundancies among its UK workforce of about 8,500, after announcing a first round of 500 job cuts in July. Mr Anderson has set a target of cutting its 12,700 strong workforce by 20 per cent in the next two years.

The difficulties Ferranti has experienced in selling the stake underline the pessimism about the outlook for the growth of the telepoint service.

Ferranti acknowledged that talks over the sale of the stake were moving very slowly, partly because since the summer possible purchasers had become much more cautious about the outlook for the British economy.

However the company said that following a string of disposals earlier this year, which included its highly prized radar business, it is no longer under urgent pressure to make disposals.

A string of potential purchasers have opened talks with Ferranti only to drop out. The company said it was in serious dicussions with less than five companies which registered their interest in July. It said it would be "a little while" before it would be close to a deal.

The other members of the consortia, such as Fleming Ventures, Electra Investment House and Melville Street Investment are involved in the talks but have been ruled out as buyers. It is thought some of the minority shareholders may also be looking to sell their holdings.

Ferranti said the network of 2,000 base stations and the software needed to create its telepoint infrastructure had been installed. However it has frozen all further investment in the project.

Mr Anderson said in July that the company was not financially strong enough to fund the investment in marketing, sales and customer services needed to attract subscribers. Ferranti said the numbers of subscribers to its service was not huge but was growing. Analysts believe the telepoint oepraters may have attracted less than 10,000 subscribers compared with the more than 1m subscribers to mobile cellular telephone services.

Ferranti also confirmed that it has formally abandoned the sale of its Marquardt munitions subsidiary in the US, although some production is being relocated from Los Angeles in California to Oklahoma. It said this was because on closer examination it had found the business was more promising than it had originally thought.

London and Edinburgh downturn

LONDON and Edinburgh Trust, the property developer which earlier this year was taken over by SPP, the Swedish life insurer, yesterday reported a fall in pre-tax profits from £30.8m to £26.1m for the first half of 1990.

The directors said, however, that on a two to three year outlook the company would once again be on a growth track.

Turnover expanded from £171m to £187.6m.

There was an extraordinary charge of £3.4m (nil) for the SPP acquisition costs.

Thorn EMI buys MEL offshoot from Philips for £9.5m

THORN EMI is to acquire MEL, the UK defence electronics division of Philips Electronic and Associated Industries for a cash consideration of £9.5m.

MEL, a specialist in electronic warfare, radar and data communication systems, has a strong order book, currently worth £80m. In the year to March 31 last, its sensors division had a turnover of about £109m.

A property presently occupied by the sensors division at Hayes, Middlesex, should be available for disposal in due course. In addition, certain other unutilised property in the Heathrow area previously held for possible redevelopment, is now confirmed as surplus and available for sale.

The purchase of MEL comes at a time when Thorn EMI Electronics has begun to reshape its existing activities in a strategy to address the long-term implications of changes affecting the UK defence electronics industry.

NEWS DIGEST

Yorklyde down 12% at midterm

YORKLYDE, a manufacturer of fine cloths, scarves and rugs, suffered a 12 per cent decline from £1.56m to £1.36m pre-tax in the six months to July 31.

Turnover slipped to £6.18m (£6.79m) and operating profits were £1.15m (£1.44m). Interest payable on loan notes was down at £76,000 (£126,000).

Earnings eased to 18.2p (20.8p) per share and the interim dividend is maintained at 4p.

British-Borneo

A reduced tax charge enabled British-Borneo Petroleum Syndicate to raise net profits from £1.09m to £1.25m in the six months to September 30. Pre-tax figures were static at £1.47m.

After tax of £227,282 (£375,484 including £116,115 corporation tax) earnings per share rose from 24.2p to 27.7p. The interim dividend is maintained at 8p.

The year end has been changed from March 31 to December 31 and the current period will therefore cover only nine months.

BDA Holdings

Losses sharply rose at BDA Holdings, the south-east housebuilder and developer, from £755,000 to £1.6m pre-tax in the half-year to July 31. The interim dividend is again being passed.

Turnover rose to £3.05m (£2.88m) and net interest took less at £39,000 (£135,000). There was an extraordinary debit of £370,000 (nil) and the losses per share deepened to 13.5p (5.6p).

Ralston Inv Tst

Ralston Investment Trust ended the six months to September 30 with net asset value per share of 62.4p, against 91.6p at the end of the previous first half. Total net assets amounted to £15m (£22m).

Gross revenue came to £486,902 (£674,195). After tax of £82,586 (£132,724) earnings per share worked out at 1.03p (1.58p). The interim dividend is maintained at 0.725p.

Burtonwood

Pre-tax profits at Burtonwood Brewery, the Cheshire-based brewer, slipped slightly, from £2.62m to £2.38m, in the half year to September 29, although turnover rose by 15 per cent to £22.98m against £19.95m.

The interim dividend is held at 0.7p, payable from increased earnings per share of 8.5p (8.1p).

Property sales contributed £860,000 (£650,000) this time.

Centreway/Westerly

Westerly, the yacht builder and shoe maker formerly known as Centreway Industries and controlled by Centreway Trust, fell into the red in the six months to June 30.

It is passing the interim dividend (0.5p).

Losses before tax were £284,000, against profits of £306,000 last time, on turnover slightly ahead at £11.43m (£11.13m). Interest payable almost doubled to £310,000 (£165,000).

There was an extraordinary loss of £120,000 (profit £549,000). Losses per share were 4.6p (earnings 2p).

Meanwhile, Centreway Trust fared no better with taxable losses of £442,000 (profits £395,000) and interest payable up at £461,000 (£285,000) in the first half of 1990. Turnover was £12.15m (£11.84m) and losses per share 13.1p (earnings 3.2p). It also has passed its interim dividend (1p).

LOFS

London & Overseas Freighters, the oil tanker operator, lifted pre-tax profits from $742,000 to $1.11m in the half-year to March 31. The sterling equivalent at the average exchange rate ruling during the period showed a rise from £460,000 to £625,000.

Profit on trading was fractionally up at $1.69m ($1.67m), but net interest payable fell to $595,000 ($931,000) enabling profits at the taxable level to rise by 50 per cent.

Earnings increased from 5.94 cents to 8.68 cents, or 3.68p to 4.87p, per share.

Pittencrieff

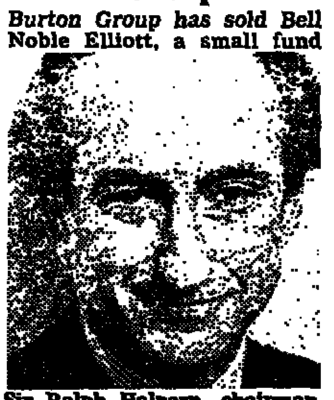
Pittencrieff, which invests in oil and gas properties in the US, has acquired oil and gas assets and a communications business for a total of $2.77m (£1.42m).

Assets in the East Rhoda field in west Texas were purchased from Exxon Corporation for $306,000.

The group also acquired A&B Electronics, a communications company based at Hobbs, New Mexico. The company, for which Pittencrieff is paying $2.47m between now and April 1993, provides radio communications in Texas and New Mexico.

Burton Group

Burton Group has sold Bell Noble Elliott, a small fund



Sir Ralph Halpern, chairman of Burton Group

management business, to Sun Life Asset Management. This completes the sale of the fashion and department store retailer's financial services business.

The sale of Bell Noble was for an undisclosed sum, believed to be negligible.

The group is due to report results for the year to end-August on November 15. The market expects profits to be well down from the £223.8m reported last year.

MMT Computing

A second-half slowdown resulted in reduced annual profits at MMT Computing. At the midway stage profits of this USM-quoted computer systems consultancy rose from £922,000 to £1.01m, but the taxable outcome for the full year to August 31 fell by 13 per cent from £2.15m to £1.87m.

Annual sales were £7.52m (£7.44m) but cost of sales rose to £5.24m (£4.85m). The recommended increase in the final dividend to 2p makes a total of 3p (2.45p) on earnings per share of 10.4p (12.8p).

URS Intl

URS International, the USM-quoted programme and project management, engineering and architectural design group, yesterday announced an increase in first-half losses and warned that there was serious doubt about its ability to function as a going concern.

Losses for the first half of 1990 rose from $729,895 to $1.21m (£626,000). There was again no tax and loss per share came to 0.4 cents (4.5 cents).

Keystone Investment

The net asset value of Keystone Investment stood at 382.01p as at September 30 1990.

The figure compared with 450p at the interim stage and 471p a year ago.

Earnings per 50p share of this investment trust emerged at 16.19p (11.01p) on net revenue of £2.31m (£1.57m). The proposed final dividend is 9p for a total of 13p (10p).

Fleming Japanese

Net asset value of Fleming Japanese Investment Trust stood at 209.3p at September 30 compared with 347.7p a year ago.

Net revenue for the year was little changed at £595,000 (£599,000) for earnings of 0.76p (0.77p) per share. An unchanged single final dividend of 0.75p is proposed.

BMSS

Taxable profits of BMSS, the USM-quoted builders' merchant, dipped 7 per cent, from £729,000 to £675,000, in the six months to July 31.

The setback reflected depressed trading conditions and increased interest of £206,000 (£68,000) resulting from January's acquisition of Grundy & Piling and C Scott.

Turnover almost doubled to £12.89m, again reflecting the acquisitions. The interim dividend is lifted to 2p (1.875p), payable from earnings of 6.09p (6.97p) per 10p share.

Caspen Oil

Caspen Oil has reported increased losses for the year to July 31, but said it was now operating profitably.

Exceptional items totalling £2.05m (£432,000) were the main factor in net losses of £2.79m (£2.26m) at the third market traded company.

Turnover for the 12 months was £3.19m (£4.12m). The loss per share was reduced to 6.9p (8.3p).

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	132	88	ABI Leisure 10p	88	-2	R4.7	3.3	7.1	5.7
155	F.P.	–	160	155	♦Brabant Resources £1	155	-5	–	–	–	–
2	F.P.	–	4½	3	Finlan Group 1p	3½		–	–	–	–
†	F.P.	–	75	43	Golden Vale Ir 1p	46		sQ158%	5.1	3.2	8.4
–	F.P.	–	24	18	JF Fledgeling Jap. Wts Lc	18		–	–	–	–
100	F.P.	–	98	73	Jupiter Euro Inv Trust	73		–	–	–	–
–	F.P.	–	38	21	Do. Warrants	21		–	–	–	–
–	F.P.	–	22	20	♦MMI 1p	22		R1.0	2.4	6.1	8.5
†	F.P.	–	17	8	♦Paramount 2½p	8¼	-¼	–	–	–	–
†	F.P.	–	53	36	♦Pelican 20p	36	-2	–	–	–	–
$100	F.P.	–	102	85	Siam Select. Growth Tst.	88	+1	–	–	–	–
–	F.P.	–	38	26	Do. Warrants	26	+2	–	–	–	–
$100	F.P.	–	96	91	Smaller Cos. Inv. Tst 50p	91	-2	–	–	–	–
–	F.P.	–	23	21	Do. Warrants	21		–	–	–	–
225	F.P.	–	245	195	♦Standard Platform 10p	195		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	–	101	68	♦Bluebird Toys 12pc Cv. Uns. Ln. 2005	68	
100p	F.P.	28/9	102p	91p	Perkins Foods 8p (Net) Cv Rd Pf	91p	-2
100p	F.P.	–	121p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	114½p	
100	F.P.	–	110½	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	105¾	-¼
100p	F.P.	–	105p	45p	Wyndham Group 9.375pc Cm.Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	Nil	–	10pm	2¼pm	Arcadian Intl.	2¼pm	-1¼
77	Nil	–	13pm	8½pm	Bryant Group	10½pm	+½
140	Nil	–	5pm	3pm	MTM 5p	4pm	
5	Nil	–	8pm	4pm	Sycamore Hldgs. 5p	4pm	-1
55	Nil	–	¾pm	¼pm	Vivat Hldgs.	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market. ◆ Issued in connection with reorganisation, merger or takeover.

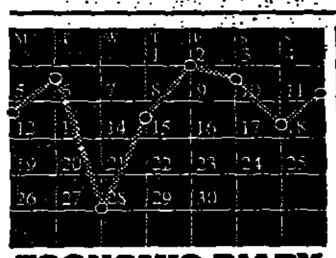
TRADITIONAL OPTIONS

- First Dealings Oct. 29
- Last Dealings Nov. 9
- Last Declarations Feb. 7
- For settlement Feb. 18

For rate indications see end of London Share Service

Calls in Burmin Expln., Premier Cons. and Tusker Res.

LONDON MARKET STATISTICS



ECONOMIC DIARY

TODAY: Special meeting of Warsaw Pact leaders in Budapest (until November 4).

TOMORROW: Peace talks resume in Mexico City between Salvadorean government and Farabundo Marti National Liberation Front.

MONDAY: Central Statistical Office publishes retail sales (September - final) and credit business (September). Meetings of the European Community internal market and development councils in Brussels. FT/Imro conference on the City in London. CBI conference in Glasgow. ABTA annual conference in Budapest.

TUESDAY: US productivity and costs (third quarter). Nationwide elections in the US for all 435 seats in the House of Representatives, 35 of the Senate's 100 seats and 36 state governors plus local officials and referendums on local issues. Mr Eduard Shevardnadze, Soviet foreign minister, and Mr James Baker, US secretary of state, invited to meeting in Rome of 23 foreign ministers of the Council of Europe. Mrs Margaret Thatcher, prime minister, attends two-day ministerial session to conclude climate conference in Rome.

WEDNESDAY: Department of Energy gives advance energy statistics (September). Department of Employment issues Employment Gazette; including detailed analysis of employment, unemployment, earnings, prices and other indicators. Mr V.P. Singh, Indian prime minister, faces vote of confidence after losing his parliamentary majority. Irish presidential election (result November 9). State opening of Parliament.

THURSDAY: By-elections in Bradford North and Bootle. Mr Helmut Kohl, German Chancellor, meets Mr Tadeusz Mazowiecki, Polish prime minister, for talks on border relations. ANC and Inkatha meet in Durban.

FRIDAY: Department of Employment publishes New Earnings Survey 1990, Part D: analyses by occupation. US producer price index (October). Deadline for investigation of banking scandal in Greece which helped topple the socialist government. Hungarian Socialist Party congress in Budapest.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Nov 2 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Nov 1 Index No.	Wed Oct 31 Index No.	Tue Oct 30 Index No.	Year ago (approx) Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (195)	682.12	.....	16.14	6.98	7.57	31.87	681.95	689.71	689.05	872.13	960.80 4/1	658.43 24/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	920.20	+0.4	15.95	6.64	7.72	40.76	916.49	933.07	922.56	1036.53	1188.21 3/1	812.99 20/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1113.02	.....	16.93	7.19	7.67	58.05	1112.60	1130.87	1122.70	1381.43	1621.44 4/1	993.11 24/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	1762.48	-0.2	15.95	7.64	7.67	84.91	1765.48	1795.40	1839.55	2491.73	2751.15 4/1	1762.48 2/11	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1542.62	+0.1	10.86	5.56	12.59	58.17	1541.26	1555.86	1551.13	1933.91	2044.72 9/1	1486.79 24/9	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	404.77	.....	16.73	6.02	7.19	15.45	404.70	409.57	409.48	0.00	502.42 13/6	399.79 24/9	502.42 13/6/90	399.79 24/9/90
7	Engineering-General (47)	347.17	-1.0	17.12	7.43	7.02	17.38	350.53	352.56	352.62	0.00	505.10 15/6	347.17 2/11	505.10 15/6/90	347.17 2/11/90
8	Metals and Metal Forming (8)	400.82	-0.6	28.43	8.33	4.28	17.02	403.24	399.31	396.24	458.05	515.57 4/1	384.09 24/9	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	262.64	-0.9	19.28	9.16	6.04	14.53	264.91	269.63	264.22	363.14	403.90 4/1	260.41 24/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1109.54	+0.5	15.17	7.35	7.62	60.27	1103.89	1115.47	1129.87	1613.32	1774.64 3/1	1103.89 1/11	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (178)	1172.77	-0.1	10.40	4.36	11.90	31.51	1173.93	1188.76	1176.85	1242.30	1357.03 3/1	1121.42 24/9	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1473.09	+0.6	10.62	4.01	11.41	33.61	1463.81	1480.29	1462.72	1383.56	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (19)	984.95	-0.6	11.79	4.96	10.47	28.13	990.91	1007.63	999.79	1096.84	1184.41 3/1	959.38 24/9	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2249.49	-0.2	9.29	3.25	14.03	52.68	2253.99	2252.66	2249.13	2305.20	2617.14 27/7	2188.04 30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (17)	2387.05	-0.1	7.41	3.12	15.95	50.32	2389.56	2419.09	2403.19	2495.90	2795.49 4/1	2166.10 24/8	2795.49 4/1/90	175.38 28/5/80
29	Leisure (32)	1180.89	+0.5	12.69	5.49	9.53	44.58	1175.22	1198.96	1187.29	1539.97	1717.22 9/1	1117.43 24/9	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	473.84	-0.4	13.59	7.35	9.04	22.95	475.60	479.65	478.66	531.22	625.01 17/7	470.91 28/9	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (14)	2793.19	-1.5	12.73	6.75	9.86	126.51	2835.10	2868.11	2844.05	3578.92	3853.61 4/1	2764.16 28/9	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	788.27	-0.3	11.30	4.70	11.51	19.51	790.26	804.10	786.10	769.91	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (12)	413.52	-0.5	14.44	8.58	8.78	20.45	415.41	420.30	416.36	509.97	554.37 4/1	388.59 24/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (106)	940.38	.....	13.13	6.24	9.27	32.16	940.74	951.28	943.13	1093.15	1233.52 3/1	932.53 24/9	1233.52 3/1/90	58.63 6/1/75
41	Agencies (15)	920.30	+1.3	11.58	3.62	10.45	22.25	908.59	898.48	936.52	1493.63	1757.73 15/6	898.48 31/10	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (24)	991.27	-0.6	13.34	6.71	8.86	46.81	996.99	997.27	983.49	1170.30	1335.87 14/6	940.57 24/9	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1226.49	+0.5	13.82	8.15	8.72	38.53	1220.99	1247.38	1227.84	1561.27	1722.31 14/6	1220.99 1/11	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	1787.16	-1.5	13.59	5.87	9.32	67.29	1813.58	1842.77	1821.29	2119.34	2458.00 4/1	1740.24 28/9	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (3)	1039.34	-0.1	12.59	5.26	10.34	26.09	1040.17	1056.05	1046.76	1054.07	1290.72 3/1	1017.41 26/9	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1928.50	-0.8	15.04	7.02	7.53	68.12	1943.08	1975.11	1984.00	0.00	2079.08 16/2	1820.20 1/5	2079.08 16/2/90	1820.20 1/5/90
48	Miscellaneous (26)	1513.01	+0.8	12.39	5.96	9.38	61.84	1500.58	1508.51	1484.75	1815.99	1981.35 3/1	1445.37 24/9	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (479)	981.03	.....	12.48	5.50	9.83	32.81	981.56	993.26	985.70	1118.03	1234.94 3/1	950.55 24/9	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (21)	2273.14	-0.3	9.84	5.49	13.27	85.44	2279.62	2275.12	2275.90	2134.02	2528.70 3/8	2111.34 30/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1086.69	-0.1	12.06	5.50	10.25	37.07	1087.67	1098.25	1091.25	1203.46	1338.65 3/1	1068.52 28/9	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (103)	658.98	+0.5	–	7.24	–	32.89	655.47	664.39	657.79	748.11	869.67 3/1	621.68 24/9	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	687.24	+0.9	23.80	8.38	5.50	42.00	681.28	694.11	685.51	753.28	918.30 2/2	650.43 24/9	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1239.28	+0.6	–	6.20	–	55.82	1232.39	1256.57	1245.85	1250.45	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	564.89	+1.8	–	7.57	–	32.08	554.98	566.44	561.93	634.14	763.09 2/1	526.46 24/9	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	882.07	+0.2	8.52	7.28	15.37	41.94	880.42	882.60	874.46	1039.87	1194.74 4/1	757.70 24/9	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	344.66	-0.3	–	5.94	–	12.75	345.65	345.97	339.63	399.72	502.02 8/2	319.38 24/9	547.59 12/10/87	31.21 7/1/75
69	Property (45)	899.87	-0.8	8.14	5.43	16.22	25.45	906.75	908.12	901.45	1143.16	1242.53 4/1	834.72 24/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (21)	242.37	-0.8	11.73	7.41	10.96	11.83	244.41	243.45	242.16	316.32	350.59 4/1	233.78 1/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	995.87	+0.2	–	4.02	–	25.91	994.10	1005.35	998.66	1190.22	1323.81 4/1	954.21 28/9	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1036.92	-1.7	13.80	8.91	8.63	69.98	1055.38	1075.16	1074.20	1363.25	1614.04 3/1	1036.92 2/11	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (678)	982.44	.....	–	5.72	–	35.66	982.49	992.67	985.87	1094.54	1226.83 3/1	962.09 24/9	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 1	Oct 31	Oct 30	Oct 29	Oct 26	Year ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2030.7	+2.7	2032.7	2011.2	2028.0	2050.3	2033.9	2062.1	2063.1	2173.1	2463.7 3/1	1990.2 28/9	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 2	Day's change %	Thu Nov 1	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.36	+0.04	118.56	0.25	10.49
2	5-15 years	122.93	-0.14	123.10	–	11.95
3	Over 15 years	124.00	-0.37	124.45	–	9.84
4	Irredeemables	139.21	-0.13	139.39	–	13.46
5	All stocks	123.33	-0.10	123.54	0.09	11.40
	Index-Linked					
6	Up to 5 years	155.91	+0.23	155.55	–	3.04
7	Over 5 years	139.88	+0.41	139.32	–	3.45
8	All stocks	140.98	+0.39	140.43	–	3.42
9	Debentures & Loans	101.83	-0.15	101.98	–	9.29
10	Preference	73.16	-0.08	73.21	–	5.47

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 2	Thu Nov 1	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years	10.55	10.52	10.01	12.36 2/5	10.16 2/1
2	Coupons	15 years	10.87	10.81	9.76	11.94 30/4	9.58 2/1
3		25 years	10.87	10.82	9.68	11.85 30/4	9.52 2/1
4	Medium	5 years	11.47	11.44	11.20	13.58 2/5	11.03 2/1
5	Coupons	15 years	11.28	11.24	10.15	12.45 27/4	9.97 2/1
6		25 years	11.16	11.10	9.80	11.98 27/4	9.65 2/1
7	High	5 years	11.58	11.54	11.31	13.67 2/5	11.17 2/1
8	Coupons	15 years	11.50	11.44	10.36	12.76 27/4	10.17 2/1
9		25 years	11.42	11.36	9.94	12.27 27/4	9.78 2/1
10	Irredeemables†		10.93	10.91	9.74	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.91	3.99	3.72	5.48 20/7	3.46 5/10
12	Inflation rate 5%	Over 5 yrs.	4.33	4.35	3.64	4.43 17/10	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.	2.70	2.77	2.89	4.37 9/7	2.32 5/10
14	Inflation rate 10%	Over 5 yrs.	4.15	4.17	3.47	4.23 17/10	3.43 4/1
15	Debs &	5 years	13.34	13.37	13.82	16.70 30/4	13.01 15/1
16	Loans	15 years	12.86	12.86	12.44	14.48 26/4	12.27 12/1
17		25 years	12.50	12.49	11.94	13.89 4/5	11.99 2/1
18	Preference†		12.98	12.98	10.70	13.13 5/10	10.87 2/1

‡Opening index 2011.2; 9 am 2020.5; 10 am 2028.9; 11 am 2024.5; Noon 2027.9; 1 pm 2026.6; 2 pm 2027.1; 2.30 pm 2027.2; 3 pm 2027.8; 4.10 pm 2029.8; (a) 3.28pm (b) 8.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. CONSTITUENT CHANGES: Additions: (31/10/90) BZW Convertible Investment Trust (71), Candover Investments (71), F & C Eurotrust (71), Sims Food (25) and USDC Investment Trust (71). (2/11/90) Community Hospitals Group (27). Deletions: (31/10/90) Sale Tilney (43), (2/11/90) Blackwood Hodge (3).

LONDON TRADED OPTIONS

Option		Calls			Puts		
		Jan	Apr	Jul	Jan	Apr	Jul
Alld Lyons (*466)	460	32	49	57	19	25	30
	500	14	29	37	43	47	52
	550	4½	14	–	87	87	–
ASDA (*124)	120	13	17	21	6	9	11
	130	15	20	24	6½	10	12
	140	4½	8½	11	19	21	22
Brit. Airways (*139)	120	23	26	29	3	5	7½
	130	15	20	24	6½	10	12
	140	10	15	19	11	16	20
SmKl Beecham A (*575)	550	52	72	88	14	23	27
	600	25	45	60	38	45	48
	650	10	25	40	78	79	80
Boots (*316)	280	43	55	60	4	8	10
	300	28	40	47	10	13	16
	330	13	24	29	24	27	30
B.P. (*335)	330	22	31	37	12	17	20
	360	9	18	23	30	33	35
	390	4	9	–	56	57	–
British Steel (*123)	120	9	13	16	6	8½	11
	130	5	9	11	12	13½	16
	140	1¾	5	–	21	21½	–
Bass (*1003)	1000	47	80	100	47	55	65
	1050	27	57	77	75	84	90
	1100	13	38	–	120	123	–
C & Wire (*404)	390	37	53	63	15	22	28
	420	22	39	47	32	38	43
	460	10	24	30	62	63	67
Courtaulds (*302)	300	21	32	35	13	15	22
	330	7	17	22	33	35	38
	360	4	9	–	62	63	–
Com. Union (*439)	420	43	52	60	10	21	25
	460	20	30	40	29	40	45
	500	9	16	27	63	70	75
GKN (*288)	280	25	32	35	14	22	23
	300	16	20	30	21	33	35
	330	6	10	17	43	55	57
Grand Met. (*557)	500	85	92	108	7	13	17
	550	46	60	78	19	31	35
	600	22	37	53	49	58	63
I.C.I. (*841)	800	80	94	109	17	36	42
	850	50	65	80	35	62	67
	900	26	42	–	67	90	–
Kingfisher (*377)	330	60	76	–	3	7	–
	360	40	54	60	13	18	23
	390	21	37	43	25	28	36
Ladbroke (*268)	240	40	50	54	4½	7½	11
	260	25	36	41	12	14	18
	280	15½	24	30	21	22	28
Land Secur (*501)	460	55	73	80	7	12	17
	500	30	48	55	23	27	34
	550	11	25	32	57	58	63
M & S (*226)	200	34	42	–	2½	4½	–
	220	19	28	31	7	11	14
	240	9	17	21	19	20	23
STC (*282)	260	39	42	50	7	11	12
	280	25	31	33	13	16	20
	300	13	18	22	25	28	34
Sainsbury (*305)	280	36	46	51	4½	7½	9½
	300	22	33	38	10	14	17
	330	8	18	23	28	30	31
Shell Trans. (*444)	420	45	52	63	8	14	18
	460	22	28	43	24	34	37
	500	8	17	26	58	60	62
Storehouse (*125)	110	18	25	–	3½	5	–
	120	11	18	22	7	10	11
	130	8	13	16	13	14	15

Option		Calls			Puts		
		Jan	Apr	Jul	Jan	Apr	Jul
Trafalgar (*174)	160	25	28	32	11	18	25
	180	15	18	23	25	30	33
Utd. Biscuits (*315)	300	32	38	44	7	14	16
	330	14	22	28	22	27	30
Unilever (*643)	600	67	87	100	13	21	26
	650	37	55	70	32	40	50
Ultramar (*316)	300	32	42	52	8	12	16
	330	15	25	35	22	28	30
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero (*543)	500	45	75	85	3	14	25
	550	12	43	53	20	32	45
BAA (*358)	360	9	24	40	10	23	28
	390	2	15	26	35	42	45
BAT Inds (*561)	550	25	54	70	7	22	28
	578	6	–	–	24	–	–
BTR (*296)	280	12	29	34	7	10	16
	300	3	17	23	19	22	27
Brit. Telecom (*258)	240	21	–	–	1½	–	–
	260	6½	16½	27	7	14½	17
Cadbury Sch (*300)	300	9	27	32	7	15	22
	330	1½	12	19	31	34	38
Guinness (*713)	700	24	62	78	8	24	35
	750	4	36	53	42	49	58
GEC (*182)	180	6	14½	22	3½	9½	13
	200	1	6½	12	19	21	23
Hanson (*185)	180	8	13	19	2	9½	11½
	200	1	5	9½	15½	24	25
LASMO (*441)	433	18	–	–	8	–	–
	460	7	32	45	25	30	37
Lucas Inds (*118)	110	9	15	20	6	9	12
	120	3	11	14	13	14	16
P. & O. (*475)	460	27	52	64	8	23	34
	500	7	32	43	30	42	55
Pilkington (*153)	140	15	20	26	2	5½	9
	160	2½	9½	16	9	16	18
Polly Peck (*14)	180	¼	1¼	½	76¼	175	–
	200	½	1	2¼	96½	95¼	96½
Prudential (*194)	180	18	27	30	1	4½	9
	200	5	15	18	9	13	18
Racal (*157)	140	20	28	34	2½	7½	10
	160	5	16	23	7½	14	17
R.T.Z. (*402)	390	24	47	50	5	17	27
	420	6	30	37	22	32	44
Scot. & New (*355)	330	30	43	58	2½	10	14
	360	9	27	40	12	23	28
Tesco (*227)	220	11	23	29	2½	7	9
	240	2	11	17	15	17	21
Thames Water (*230)	230	6	16	–	5	14	–
	240	2½	9	16	13	21	23
Water Hldg Pkg (*£2282)	2200	90	130	–	50	125	–
	2250	30	110	–	85	150	–
Option		Nov	Jan		May	Jan	
Ferranti (*16)	20	1	2	–	5½	7	–
	25	½	¾	–	10½	11	–
Option		Dec	Feb	Apr	Dec	Feb	Apr
Fisons (*347)	330	26	36	41	6	11	14
	360	10	19	26	23	26	29
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Nat. (*210)	200	16	25	28	15	19	20
	220	6	13	17	15	19	20

Option		Calls			Puts		
		Dec	Mar	Jun	Dec	Mar	Jun
Amstrad (*55)	50	8	11½	14	2½	6	7
	60	3	6½	9	6½	10	11
Barclays (*335)	330	24	38	42	15	25	28
	357	11	–	–	27	–	–
Blue Circle (*201)	200	13	24	26	8	15	20
	220	4½	15	17	22	25	30
British Gas (*213)	200	20	24	31	2½	7	8
	220	6½	12	20	10	14	16
Dixons (*140)	130	18	21	24	3	8	11
	140	11	15	19	8	12	15
Glaxo (*756)	750	40	75	94	20	32	38
	800	18	49	67	52	57	64
Hawker Sidd. (*399)	390	23	40	45	20	25	38
	420	11	30	32	40	40	55
Hillsdown (*251)	240	19	32	35	6	10	15
	260	8½	20	25	16	20	25
Lonrho (*183)	180	16	19	22	8	16	18
	200	6	11	14	18	31	31
Midland Bk (*185)	180	17	28	33	9	19	21
	200	10	20	25	19	30	32
Reuters (*585)	550	66	104	126	23	45	58
	600	45	75	100	44	70	80
R. Royce (*165)	160	13	21	22	5	9	12
	180	4	10½	13	16	19	22
Sears (*85)	80	9	13	16	4	5	7
	90	4½	9	10	9½	12	13
THF (*250)	240	21	32	36	6	10	15
	260	9	19	27	16	19	23
Thorn EMI (*597)	550	62	80	96	9	16	22
	600	27	49	67	27	35	37
TSB (*126)	120	12	16	19	2	4½	5
	130	5	9	14	8	11	13
Vaal Reefs (*$68)	60	13	16	19	3	8	9
	70	7	10	15	9	13	14
Wellcome (*461)	460	25	47	64	23	32	38
	500	12	32	45	47	55	60

EURO FT-SE INDEX (*2030)

	1925	1975	2025	2075	2125	2175	2225	2275
CALLS								
Nov	140	101	69	478	28	15	8	–
Dec	170	135	102	78	57	38	25	18
Jan	191	–	127	–	79	–	42	–
Mar	222	–	158	–	104	–	67	–
Jun	262	–	201	–	152	–	112	–
Sep	290	–	227	–	178	–	103	–
PUTS								
Nov	24	34	52	78	111	150	194	–
Dec	38	52	70	92	121	154	190	231
Jan	47	–	77	–	122	–	190	–
Mar	65	–	90	–	140	–	2000	–
Jun	98	–	150	–	208	–	265	–
Sep	83	–	112	–	148	–	198	–

FT-SE INDEX (*2030)

	1900	1950	2000	2050	2100	2150	2200	2250
CALLS								
Nov	161	122	86	57	36	20	11	6
Dec	190	153	120	91	66	48	34	23
Jan	210	175	140	111	88	68	53	38
Feb	222	188	157	128	103	83	65	52
Jun †	280	–	215	–	160	–	115	–
PUTS								
Nov	20	29	43	67	97	138	180	227
Dec	34	45	61	83	113	149	188	230
Jan	41	56	70	93	121	152	189	232
Feb	50	65	83	105	132	162	200	238
Jun †	67	–	98	–	147	–	207	–

♦ Premiums shown for closing business only
November 2 Total Contracts 20,883
Calls 10,718 Puts 10,165
FT-SE Index Calls 1,304 Puts 4,864
Euro FT-SE Calls 18 Puts 141
*Underlying security price. † Long dated expiry mths.

INTERNATIONAL COMPANIES AND FINANCE

Molson looks for further international expansion

By Bernard Simon in Toronto

MOLSON, the diversified Canadian brewer, is exploring new ways of expanding in the international beer market by reviewing its links with Elders, the troubled Australian group.

Molson said yesterday in a statement accompanying its half-year results that it is "continuing to examine" its 6 per cent equity stake in Elders' holding company, Harlin Holdings, and is "actively reviewing its options" for expansion.

These options go beyond Molson's announcement last July that it was in the early stages of talks on a significant acquisition, which was assumed to involve Elders' brewing interests, in particular Foster's Brewing.

The company is now understood to be considering, among other possibilities, an extension of its existing North American joint venture with Elders; purchases of specific Elders brewing assets; and a three-way alliance with Elders and Asahi Breweries of Japan, which last month bought a 19.9 per cent stake in the Australian company.

Molson and Elders are currently joint shareholders in Molson Breweries, Canada's largest brewer. But Molson was forced to review its international expansion strategy last month when Asahi emerged as a partner and stakeholder in Elders.

Molson posted a 14 per cent advance in earnings for the three months to September 1990. Net income before extraordinary items rose to C$38.7m (US$33.2m), or C$1.08 a share, from C$34.1m, or C$1.04 a share, a year earlier. Last year's bottom line was boosted by a C$61.9m extraordinary gain. Revenue rose fractionally to C$676.6m.

Earnings for the first six months of the current fiscal year rose by 8 per cent to C$75.7m.

Despite a small decline in total beer consumption, Molson Breweries operating income climbed by 11 per cent. The company ascribed the improvement to savings which flowed from last year's merger with Elders-owned Carling O'Keefe Breweries.

Molson Breweries has a 51.6 per cent share of the Canadian beer market and is the third largest supplier of imported beers to the US. Molson's beer sales in the US jumped by 17 per cent in the past six months, thanks largely to the launch last May of Foster's brands.

Beer accounts for more than two thirds of Molson's profit. The company also controls Diversey, a leading international supplier of cleaning equipment, and Beaver Lumber, a retail building supplies chain.

Molson disclosed in July that it had sunk C$135m into Harlin, including C$45.4m in equity and C$90m in the form of a subordinated note. It has also provided a C$97m loan guarantee.

The company said yesterday that it has incurred extra debt to finance its shareholding in Harlin.

Molson raised C$293m through an equity and debenture offering last July to help finance its proposed acquisition.

Profits at Perrier more than double in first half

By William Dawkins in Paris

SOURCE Perrier, the French producer of mineral waters hit by a contamination scare last February, yesterday unveiled more than doubled first-half profits, thanks to a one-off gain from the sale of its soft drinks division.

Turnover at the group, which is also France's largest supplier of Roquefort cheese, fell slightly to FFr8.3bn in the first six months of the year, from FFr8.5bn in the same period of 1989, on which net profit rose to FFr856m ($169m) from FFr397m.

The profit comes after an exceptional FFr1bn capital gain on the sale of most of Perrier's soft drinks brands to Cadbury Schweppes, plus the unquantified extra cost of destroying 160m bottles of mineral water following allegations of benzene contamination, for which Perrier made a FFr435m provision in last year's accounts. Overall, exceptional gains rose from FFr130m to FFr764m in the first half.

The benzene crisis has hit consumption of Perrier outside France, where sales of the sparkling mineral water fell by 14 per cent in the first half, while domestic sales of the group's top brand have continued to rise at 10 per cent, in line with recent years. Volume sales of the Perrier brand in the current half will be 20 per cent to 25 per cent below sales in the same period of last year, forecast the group, which did not give details of its division's profits.

Overall sales of mineral water, including other Perrier-owned brands such as Volvic, Contrex and Saint-Yorre, rose from FFr4.3bn to FFr4.6bn. Turnover in the cheese division, including Roquefort, Cantal and Saint Nectaire among others, was stagnant at FFr2.6bn, on which an unquantified loss was made.

Adsteam shares plummet in Sydney

By Kevin Brown in Canberra

THE ADSTEAM group of companies controlled by Mr John Spalvins took a further severe mauling on the Australian Stock Exchange (ASX) yesterday as concern over the group's debt and complex shareholding structure continued to mount.

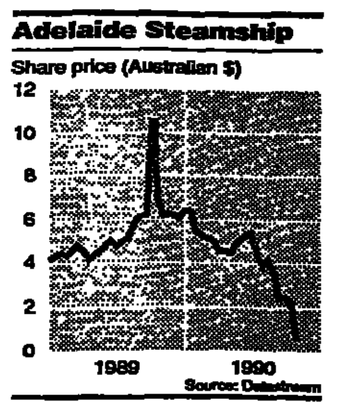
Adelaide Steamship, the main company in the group, closed at 67 cents, above its low for the day of 45 cents, but down 68 cents on the closing price two days ago. The shares peaked at A$10.50 last year.

Analysts said the virtual free-fall in the share price showed the market was unimpressed by plans announced by Mr Spalvins (pictured) earlier this week to simplify the shareholding structure of the group and refocus its activities around its Woolworths and David Jones businesses.

The shares have been falling for several months following critical reports by Australian analysts, and an analysis of the group's structure and asset value by Sir Ron Brierley, the New Zealand entrepreneur.

Adelaide Steamship

Share price (Australian $)



Source: Datastream

Australian Ratings, the local ratings agency, has also contributed to the uncertainty surrounding the stock by indicating that it is reviewing the debt profile of some Adsteam companies, and may downgrade their credit ratings.

"We have got something of a panic occurring in relation to the whole Adsteam group," said Mr George Sutton, a senior analyst with BZW Australia. "There has been a

build-up of negative sentiment coming from various quarters and the cumulative effect has impacted very dramatically on the market."

Mr Sutton said the market appeared to have lost confidence in the Adsteam group, which is controlled by Mr Spalvins through a complex network of minority shareholdings and joint venture agreements.

The group does not produce consolidated accounts, but it is believed to have debts of around A$6.2bn (US$4.86bn), principally to Westpac, the National Australia Bank and the Commonwealth Bank, three of Australia's main trading banks.

The banks are understood to have pressed Adsteam to try to calm the markets through a major disposal, such as the sale of the up-market David Jones department store group.

The banks are said to be unwilling to force the group into receivership because of the danger of inflating their own portfolios of bad debts and non-performing loans. The banking sector is thought to have total non-performing loans of more than A$15bn.

● Part of Howard Smith, an Adsteam associate company, is being offered for sale through a tendering process. The tender closes on November 16.

The 42.3m shares, 31 per cent of Howard, which is a shipping, distribution and heavy engineering company, are owned by Petersville Sleigh, another Adsteam associate.

Thai Airways poised for sell-off

By Paul Taylor, Asia Business Correspondent, in Bangkok

THAI Airways International, the state-controlled national airline, is likely to be privatised within three to nine months, according to airline officials and industry analysts in Bangkok.

The airline's executive board, bowing to pressure from Thailand's Finance Ministry, which holds 99.3 per cent of the airline, approved an initial public offering earlier this week.

Under the privatisation plan the airline, which has registered and approved capital of 3bn baht ($109m), is likely to sell an initial tranche of 1bn baht to the general public.

In preparation for the issue Thai Airways officials, including its president, Veera Kitjatorn, visited the stock exchange of Thailand earlier this week.

The airline has still to choose its financial advisers for the flotation. Five international merchant banks, including at least one from the UK, are understood to have put forward proposals.

Thai Airways reported first-half revenues of $921m or 10.5 per cent higher than the same period last year and pre-tax profits of $162m, a 17 per cent increase over the the same period last year and a record six-month profit for the airline's 30-year history.

The carrier's second half performance is, however, likely to be depressed by the rise in oil prices and the government's determination to hold down domestic air fares.

The privatisation plan is crucial to the airline's proposals for expanding and updating its fleet which currently comprises 58 aircraft. Over the next five years the carrier expects to spend about 100bn baht on buying new aircraft.

With public sector borrowing capped at $1.5bn a year the airline's expansion plans would be extremely difficult to achieve without access to the equity markets.

Profits plunge at French airlines

By William Dawkins in Paris

TWO FRENCH airlines have both announced a collapse in profits just a few days after the European Commission gave Air France clearance to take them over.

Union des Transports Aeriens (UTA), which flies routes mainly between France, Asia and Africa, yesterday reported a steep fall in net profit to FFr81m ($16m) from FFr204m in the first six months of the year, on revenue up to FFr3.34bn from FFr3.05bn. It attributed the profits decline to start-up losses on new routes between the French provinces and New York.

This came a day after Mr Pierre Eelsen, chairman of Air Inter, the monopoly internal airline, warned his staff council that he intends to resign because he "held different strategic views" to those of Mr Bernard Attali, chairman of Air France.

The national carrier, which also made a loss in the first half of 1990, acquired both airlines at the turn of the year, but had to await the Commission's agreement to consummate the deal.

Mr Eelsen had wanted to maintain the autonomy of Air Inter, contrary to the wishes of Air France, which wants to pool some of the three airlines' activities to reduce costs.

This is part of an economy drive and spending freeze announced by Air France in September.

Although profitable, Air Inter has been dogged by a series of strikes, which had helped encourage the government to accept the Brussels Commission's demands to open up more routes to private competitors, the main condition for allowing the Air France takeover.

Among possible successors to Mr Eelsen are Mr Jean-Cyril Spinetta, head of the private staff of Mr Michel Delebarre, the transport minister, or Mr Jean-Didier Blanchet, managing director of Air France.

Mitsubishi Motors in 32.6% jump

By Ian Rodger in Tokyo

PRE-TAX profits of Mitsubishi Motors (MMC), the company talking about a production tie-up in Europe with Volvo of Sweden, jumped 32.6 per cent in the six months to September 30 to a record Y26.13bn ($200m).

The company also had record sales of Y1,059.5bn, up 12.4 per cent. With the outlook continuing to be favourable, the directors have decided to raise the annual dividend to Y6 per share from Y5.5 per share, with the increase coming in the Y3 interim payment.

MMC officials attributed the double digit rises in sales and profits to an 11.3 per cent rise in unit sales of new cars in the domestic market as well as the favourable impact of the yen's decline against the dollar. Net income surged 29.4 per cent to Y12.1bn.

The company has reduced its pre-tax profit forecast for the full year from Y55bn to Y52bn, but the new figure would represent a 25.5 per cent gain on last year's result.

MMC is in talks only with Volvo regarding a possible Dutch car production joint venture, said Mr Bunji Date, an MMC vice-president.

Asked whether MMC is still in talks with a number of European car makers including Volvo, or just with Volvo, Mr Date said MMC was not talking to more than one car-maker.

MMC said in October it was holding talks with a number of European car makers.

Loews income leaps 48.5%

LOEWS Corporation, the New York-based property, hotels, cigarette, insurance, oil drilling and watches conglomerate that also holds a key stake in CBS, the television network, yesterday unveiled an impressive 48.5 per cent leap in net income for the third quarter, to $271.2m, writes Alan Friedman in New York.

The profits rise, which translates into earnings per share of $3.69 (against $2.43 a year ago), sent the company's share price up $3⅞ yesterday morning to $79½.

Third quarter revenues were $3.3bn, against $2.8bn.

Afrox improves slightly to overcome slowing economy

By Philip Gawith in Johannesburg

AFRICAN Oxygen (Afrox), the gas manufacturer controlled by the BOC group of the UK, overcame a slowing economy to record significantly improved profits in the year ended September 1990.

Turnover rose by 24.2 per cent to R903.9m ($355m), trading profit was up by a similar margin to R184.4m and attributable profit rose by 29.2 per cent to R66.75m (R51.68m).

Mr Peter Joubert, chairman, said that the group had paid great attention to operating efficiencies as reflected in debtors and stock levels which were at almost the same rand value as in 1989.

Net interest payments almost doubled to R30.7m reflecting higher interest rates and expansion, mainly in the gases business.

Mr Joubert said the company's current expansion phase would continue with the majority of capital expenditure going towards upgrading plant and facilities in the gases business.

Japan Airlines declines 2%

JAPAN Airlines announced a 2 per cent decline in pre-tax profits to Y53.6bn ($410m) for the six months to September 30, despite a 10.7 per cent rise in sales to Y592.9bn, writes Emiko Terazono.

Operating profit fell 14 per cent to Y54.5m reflecting an increase in costs, especially in jet fuel, aircraft maintenance and aircraft leases. After-tax profit grew 19 per cent to Y29.5bn.

Revenue growth reflected the popularity of increased non-stop services in operations.

Losses continue at Data General

By Louise Kehoe in San Francisco

DATA GENERAL, the struggling US mini-computer manufacturer, reported lower sales and continuing losses for its fourth quarter, including a charge to cover 2,000 layoffs in August which reduced the company's workforce by about 17 per cent.

Net losses for the quarter were $89.3m, or $2.93 a share, including the $71.7m charge. This compares with a net loss of $84.1m, or $2.86 a share – including a restructuring charge of $80.0m – in the corresponding period a year ago.

Revenues for the quarter were $308.5m, down more than 13 per cent from last year's fourth-quarter revenues of $357.1m.

Data General, like many of its competitors, is shifting its focus from proprietary software and hardware toward "open systems" computers that conform to industry standards and can share data and software with computers from other manufacturers.

Mr Ronald L. Skates, Data General president, said: "While overall revenues were down, compared to last year's record fourth quarter, we continue to see substantial revenue gains from our AViiON family," a line of "open systems" products introduced by the company last year. Revenues from the new product line were more than $100m in fiscal 1990, he said.

For fiscal 1990, the company reported a loss of $139.8m, or $4.65 a share, including the $71.7m restructuring charge. For fiscal 1989 the company reported a loss of $119.7m, or $4.10 a share, including the $80m restructuring charge.

Revenues for fiscal 1990 were $1.22bn against $1.31bn the previous year.

● IBM is committed to the development of open computer systems, a strategy it has pursued in response to customers' needs to link its products with non-IBM machines, according to a company executive, Reuters reports. "We've made an enormous investment in this market," said Mr James Cannavino, vice-president, systems.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$376.00	+3.00	$380.25	$420.25	$345.75
Silver Per troy oz	216.70p	+1.05	332.20p	323.50p	213.85p
Aluminium 99.7% (cash)	$1877.5	-85	$1725	$2227.5	$1380.0
Copper Grade A (cash)	£1347	-80.5	£1638	£1747.5	£1304.5
Lead(cash)	£371.0	-1	£464.0	£790	£372.0
Nickel (cash)	$8850	-250	$10125	$11375	$6075
Zinc SHG (cash)	$1293	-42.5	$1455.0	$1889	$1250
Tin (cash)	$6200	-10	$7180	$7020	$5785
Cocoa Futures (Mar)	£698	-25	£689	£967	£622
Coffee Futures (Jan)	£589	+11	£686	£757	£548
Sugar (LDP Raw)	$261.2	+12.4	$363.2	$386.4	$241.7
Barley Futures (Jan)	£117.40	-0.10	£109.35	£117.75	£103.45
Wheat Futures (Jan)	£119.35	+0.45	£111.75	£123.45	£111.00
Cotton Outlook A Index	83.50c	+1.10	84.0c	92.70c	73.70c
Wool (64s Super)	406p	-2.00	596p	580p	408p
Oil (Brent Blend)	$34.05y	+1.10	$18.90	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. y-December

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$30.15-0.25y	-0.50
Brent Blend (dated)	$35.10-5.20	-0.50
Brent Blend (December)	$34.00-4.10	-0.60
W.T.I. (1 pm est)	$34.40-4.45y	-1.00
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$358-363	-5
Gas Oil	$317-319	-5.5
Heavy Fuel Oil	$129-132	-1
Naphtha	$317-320	-12
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$376.00	-4.25
Silver (per troy oz)♣	416c	-1.00
Platinum (per troy oz)	$424.50	-10.0
Palladium (per troy oz)	$94.25	+1.25
Aluminium (free market)	$1905	-40
Copper (US Producer)	119c	-3⅝
Lead (US Producer)	50c	
Nickel (free market)	413c	+11
Tin (Kuala Lumpur market)	16.40r	-0.08
Tin (New York)	288c	-1.00
Zinc (US Prime Western)	70c	
Cattle (live weight)†	103.07p	+0.70*
Sheep (dead weight)†	143.16p	+9.26*
Pigs (live weight)†	72.16p	+4.41*
London daily sugar (raw)	$261.2q	+8.40
London daily sugar (white)	$306.0q	+3.00
Tate and Lyle export price	£243.50	+5.00
Barley (English feed)	£118.25v	
Maize (US No. 3 yellow)	£168.00	
Wheat (US Dark Northern)	£87	
Rubber (Dec)♥	50.75p	-0.50
Rubber (Jan)♥	51.00p	-0.50
Rubber (KL RSS No 1 Nov)	240.0m	-0.50
Coconut oil (Philippines)§	$295w	
Palm Oil (Malaysian)§	$310v	
Copra (Philippines)§	$212.5t	
Soyabeans (US)	£139.0	-0.50
Cotton "A" index	83.50c	+0.45
Wooltops (64s Super)	406p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Jan. u-Oct/Dec v-Nov. w-Dec/Jan z-Jan/Mar y-Dec. †Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Dec	222.00	225.00	223.00
Mar	215.60	218.00	219.60 214.00
May	216.00	218.80	219.40 215.40
Aug	218.00	221.00	221.00 219.00
Oct	218.00	221.00	221.00 217.60
Dec	218.00	219.00	220.00
White	Close	Previous	High/Low
Dec	303.0	302.5	303.5 302.0
Mar	301.0	301.0	302.7 300.0
May	301.0	300.5	301.5 299.5
Aug	304.0	304.5	305.0 302.5
Oct	287.0	287.5	288.0 287.5
Dec	284.5	284.5	284.5
Mar	285.0	285.0	284.5

Turnover: Raw 1876 (1731) lots of 50 tonnes. White 619 (726)
Paris- White (FFr per tonne): Dec 1512 Mar 1515, May 1512, Aug 1538, Oct 1461

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Dec	34.05	34.65	34.35 33.56
Jan	32.60	33.25	32.75 32.20
Feb	31.00	32.00	31.10 31.00
Mar	30.00	29.95	30.00 30.00
May	27.75		27.75
IPE Index	34.78	33.74	

Turnover: 8284 (9892)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Nov	302.00	307.00	305.00 297.75
Dec	289.00	296.75	294.00 284.50
Jan	279.00	287.00	282.00 275.00
Feb	263.00	270.00	267.00 262.00
Mar	248.00	257.00	253.00 248.00
Apr	233.00	242.00	241.00 233.00

Turnover 5926 (8775) lots of 100 tonnes

SPICES
Nutmegs/Mace- the joint marketing group established in Menado last month has been abolished already reports Man-Producten. The market did not really show a reaction. Price levels stabilised. Mace spot US$2,950 a tonne, afloat $2,700, shipment $2,600. Shrivels spot $1,700, afloat $1,650, shipment $1,575, bwp spot $1,100, afloat $1,050. Pimento- some business was done at $1,550 afloat. Vera a spot $2,600, shipment Nov/Dec $2,200, Jan/Feb $2,050, kor a spot $2,450, shipment Nov/Dec $2,050, Jan/Feb $2,000.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Dec	682	655	662 649
Mar	698	697	706 693
May	726	725	733 722
Jul	750	760	756 748
Sep	774	774	777 771
Dec	801	802	806 800
Mar	827	827	830 827

Turnover: 2057 (4502) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 1 887.68 (884.78) 10 day average for Nov 2 895.74 (894.31)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Nov	569	575	573 564
Jan	589	599	594 582
Mar	589	577	577 586
May	579	589	588 579
Jul	595	603	604 595
Sep	615		616 613
Nov	630	636	635 630

Turnover: 5665 (6963) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 1: Comp. daily 71.82 (72.44). 15 day average 73.36 (73.51)

POTATOES – BFE (£/tonne)	Close	Previous	High/Low
Apr	145.9	142.5	145.9 143.0

Turnover 177 (94) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)	Close	Previous	High/Low
Feb	121.00	121.50	121.00
Jun	123.50	124.00	123.50

Turnover 97 (172) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)	Close	Previous	High/Low
Nov	1320	1318	1330 1320
Jan	1280	1280	1286 1280
Apr	1230	1235	1230
Oct	1180	1177	1180
BFI	1312	1311	

Turnover 71 (188)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
Nov	114.90	114.75	115.00 114.90
Jan	119.35	119.25	119.60 119.40
Mar	123.20	123.10	123.40 123.15
May	126.60	126.50	126.70 126.50
Barley	Close	Previous	High/Low
Nov	113.60	113.55	113.60 113.50
Jan	117.40	117.30	117.40 117.30

Turnover: Wheat 217 (293), Barley 33 (0). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Nov	194.5	194.0	194.0 193.5
Jan	191.5		191.0

Turnover 25 (27) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 31,365 lots		
Cash	1875-80	1913-8	1905/1880	1905-10		
3 months	1708-10	1722-4	1720/1690	1715-7	1717-8	71,792 lots
Copper, Grade A (£ per tonne)				Total daily turnover 22,781 lots		
Cash	1346-8	1327-9	1346/1330	1331-2		
3 months	1338-9	1316-8	1339/1320	1321-2	1336-7	110,976 lots
Lead (£ per tonne)				Total daily turnover 2,283 lots		
Cash	370-2	368-70	369.5/368	369.5-9.8		
3 months	374-5	372-3	375/371	371-2	373-4	10,669 lots
Nickel ($ per tonne)				Total daily turnover 1,003 lots		
Cash	8825-75	8675-725	8950/8925	8900-25		
3 months	8375-400	8300-10	8500/8350	8475-500	8375-400	7,736 lots
Tin ($ per tonne)				Total daily turnover 878 lots		
Cash	6190-210	6270-80	6190	6180-90		
3 months	6190-200	6250-60	6210/6190	6185-90	6190-5	8,603 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 3,485 lots		
Cash	1292-4	1293-5		1290-3		
3 months	1290-2	1288-90	1300/1290	1290-2	1292-3	18,900 lots

LME Closing £/$ rate: SPOT: 1.9543 3 months: 1.9277 6 months: 1.9034 9 months: 1.8846

LONDON BULLION MARKET Gold (fine oz)	$ price	£ equivalent
Close	375¾-376¼	192¼-192¾
Opening	379¾-380¼	195-195½
Morning fix	379.75	194.594
Afternoon fix	377.50	193.570
Day's high	380¼-380¾	
Day's low	375-375½	

Coins	$ price	£ equivalent
Mapleleaf	385-390	197-200
Britannia	385-390	197-200
US Eagle	385-390	197-200
Angel	385-390	197-200
Krugerrand	375-378	192-194
New Sov.	91-93	46½-47½
Old Sov.	91-93	46½-47½
Noble Plat	429.55-436.45	220.10-223.65

Silver fix	p/fine oz	US cts equiv
Spot	216.70	423.00
3 months	224.05	431.45
6 months	231.05	439.90
12 months	244.10	456.45

TRADED OPTIONS				
Coffee	Jan	Mar	Jan	Mar
550	48	76	11	9
600	20	43	33	26
650	7	22	70	55
Cocoa	Dec	Mar	Dec	Mar
650	65	75	3	28
700	28	49	16	52
750	9	31	47	84
Brent Crude	Dec	Jan	Dec	Jan
3000		310		
3050				375
3100		275		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Nov	376.4	381.5	0	0
Dec	378.0	383.1	382.0	376.1
Jan	380.0	385.1	0	0
Feb	381.8	387.0	388.0	380.2
Apr	385.3	390.5	389.0	384.0
Jun	389.1	394.3	392.2	388.0
Aug	392.7	398.0	392.7	392.0
Oct	396.6	402.0	0	0
Dec	400.5	406.0	400.0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	421.5	435.7	425.6	421.5
Apr	426.5	440.5	429.5	426.0
Jul	433.5	445.7	435.0	431.6

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Nov	416.0	423.0	0	0
Dec	418.5	425.6	424.5	416.5
Jan	420.5	427.6	0	0
Mar	427.6	434.8	433.6	425.0
May	433.6	440.9	436.5	432.0
Jul	439.6	447.0	440.0	439.0
Sep	445.7	453.3	447.6	447.5
Dec	454.4	462.0	459.5	450.0
Jan	456.8	464.8	0	0
Mar	463.6	471.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	116.40	114.65	117.50	115.00
Dec	115.60	113.80	116.00	113.70
Jan	114.20	112.20	113.90	113.90
Mar	111.60	109.70	112.00	109.90
Apr	110.65	108.80	0	0
May	109.80	107.95	109.80	108.50
Jun	109.20	107.40	0	0
Jul	108.40	106.60	0	0
Aug	107.70	105.85	0	0
Sep	107.00	105.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Dec	34.50	35.17	34.80	34.07
Jan	33.38	34.00	33.65	33.00
Feb	31.90	32.40	32.10	31.65
Mar	30.58	31.05	30.70	30.20
Apr	29.30	29.85	29.45	29.15
May	28.39	28.85	28.45	28.20
Jun	27.60	28.00	27.75	27.30
Jul	26.75	27.30	26.83	26.70
Aug	26.50	26.70	26.60	26.15

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	8825	9051	9010	8870
Feb	8725	8921	8860	8700
Mar	8350	8508	8420	8325
Apr	7925	8106	8000	7925
Jul	7275	7431	7360	7275
Aug	7305	7446	7305	7300

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1147	1161	1179	1145
Mar	1211	1222	1239	1210
May	1249	1263	1280	1249
Jul	1283	1297	1310	1288
Sep	1315	1329	1340	1325
Dec	1354	1368	0	0
Mar	1389	1403	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	88.70	88.85	89.50	88.50
Mar	92.40	92.50	93.30	92.30
May	94.75	94.85	95.40	94.70
Jul	96.90	97.00	97.60	96.90
Sep	98.86	99.10	99.60	98.85
Dec	102.25	101.15	102.75	102.25
Mar	103.50	105.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	9.71	9.73	9.81	9.67
May	9.70	9.77	9.82	9.59
Jul	9.69	9.77	9.81	9.60
Oct	9.69	9.78	9.80	9.64
Mar	9.77	9.83	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Dec	74.92	74.79	75.17	74.80
Mar	74.81	74.80	75.10	74.70
May	75.05	75.00	75.25	74.98
Mar	67.30	67.25	67.10	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	115.60	115.85	116.25	115.50
Jan	111.90	112.45	113.50	111.60
Mar	112.00	112.90	113.10	112.00
May	112.10	113.00	113.25	113.00
Jul	112.25	113.15	113.60	0
Sep	112.10	113.25	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Nov 2	Nov 1	mnth ago	yr ago
	1719.6	1725.7	1768.3	1655.3
DOW JONES (Base: Dec. 31 1974 = 100)				
	Nov 1	Oct 31	mnth ago	yr ago
Spot	124.60	125.03	128.46	131.45
Futures	127.87	127.66	130.83	130.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Nov	592/4	596/0	599/4	592/0
Jan	609/2	612/4	616/0	609/0
Mar	624/2	627/0	630/4	623/4
May	637/2	639/4	642/4	637/0
Jul	646/6	649/2	652/4	648/4
Aug	645/4	648/2	651/0	645/0
Sep	626/0	625/0	629/0	626/0
Nov	616/6	615/4	617/4	615/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	21.54	21.65	21.77	21.51
Jan	21.84	21.95	22.02	21.84
Mar	22.30	22.40	22.50	22.30
May	22.72	22.85	22.86	22.72
Jul	22.99	23.10	23.10	22.99
Aug	23.03	23.04	23.10	23.08
Sep	22.85	22.95	22.95	22.85
Oct	22.65	22.65	22.65	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	180.2	180.3	182.3	180.1
Jan	182.6	182.5	184.8	182.5
Mar	186.9	186.8	188.6	186.8
May	188.9	188.8	190.5	188.8
Jul	191.0	191.1	192.5	191.0
Aug	191.8	191.5	192.8	191.8
Sep	188.3	188.5	190.0	188.3
Oct	184.0	184.2	185.0	184.0
Dec	185.2	184.7	185.6	184.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	230/2	229/6	232/0	230/0
Mar	240/2	239/4	241/4	239/4
May	246/6	246/2	248/0	246/0
Jul	251/6	250/6	252/6	250/6
Sep	250/4	249/0	252/0	250/2
Dec	251/2	249/4	252/0	249/6
Mar	257/4	256/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	265/2	262/2	266/0	261/6
Mar	279/2	276/6	279/4	276/4
May	288/2	285/4	288/2	284/4
Jul	293/0	289/2	294/0	288/4
Sep	298/0	294/4	0	0
Dec	310/0	305/6	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	77.10	77.00	77.15	76.70
Feb	74.72	74.62	74.77	74.40
Apr	74.90	74.85	74.95	74.70
Jun	72.75	72.77	72.80	72.60
Aug	71.30	71.30	71.32	71.30
Oct	71.50	71.50	71.60	71.60
Dec	72.27	72.35	72.30	72.25

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	52.75	52.22	52.80	52.05
Feb	50.05	49.95	50.20	49.70
Apr	47.12	47.05	47.40	46.96
Jun	50.70	50.65	50.95	50.70
Jul	51.07	51.25	51.30	51.00
Aug	49.45	49.50	0	49.45
Oct	44.65	44.60	44.85	44.65
Dec	44.80	44.75	44.80	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	64.45	62.45	64.45	62.55
Mar	63.45	61.45	63.45	61.80
May	63.57	61.57	63.57	61.80
Jul	62.70	60.70	62.70	61.27
Aug	60.20	58.20	60.20	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate trends change the picture

CHANGES IN interest rates put a different complexion on the currency market yesterday. The main factor was Thursday's increase in the Bundesbank's Lombard rate. This has resulted in downward pressure on some currencies or has forced central banks to move rates higher.

Sterling finished the week on a depressed note. The recession indicated by the recent survey from the Confederation of British Industry points to lower rates, but the UK political situation has been thrown into confusion by the resignation of Sir Geoffrey Howe. This increased downward pressure on the pound yesterday and has clouded the interest rate picture since sterling's position in the European Monetary System does not appear to justify further rate cuts.

The pound was the weakest member of the EMS exchange rate mechanism for the second day running. It also finished in London 2 pfennigs below its central rate against the D-Mark. Sterling declined to DM2.9300 from DM2.9425; to FFr9.8375 from FFr9.8600; to SFr2.4775 from SFr2.4875; and to Y251.00 from, Y254.50. In terms of the dollar the pound eased to $1.9510 from $1.9515. Its index fell 0.2 to 94.2.

The Spanish peseta remained at the top of the ERM by a large margin, but currencies supported by interest rate increases this week - the D-Mark, Dutch guilder and Belgian franc - were all firm,while the French franc and Italian lira lost ground.

The Belgian National Bank followed Thursday's rate increases by the Bundesbank and Dutch National Bank by raising its discount rate to 10.50 from 10.25 per cent. Rates for advances to Belgian commercial banks rose by 0.25 per cent to 11 per cent. The Belgian authorities took a decision earlier this year to peg the franc closely to the D-Mark.

A cut in the Bank of France's money market intervention rate, announced on Wednesday, led to a weakening of the French franc. The D-Mark rose to its highest level against the franc since late August. The lira also lost ground, prompting intervention by the Bank of Italy at the Milan fixing. The central bank sold $240m, 20m Ecu's and DM46m as the D-Mark was fixed at a record high of L751.25 in Milan.

The dollar was weaker overall. Its index fell to 60.5 from 60.8. A fall of 68,000 in US non-farm employment was not as weak as expected, but dealers noted that it was the second consecutive monthly decline. At the London close the dollar had fallen to DM1.5020 from DM1.5075; to Y128.60 from Y130.45; to SFr1.2705 from SFr1.2750; and to FFr5.0425 from FFr5.0525.

£ IN NEW YORK

Nov.2	Latest	Previous Close
£ Spot	1.9505-1.9515	1.9440-1.9450
1 month	0.98-0.96pm	0.94-0.92pm
3 months	2.69-2.66pm	2.57-2.54pm
12 months	8.25-8.15pm	7.83-7.73pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.2	Previous
8.30 am	94.1	94.4
9.00 am	94.3	94.4
10.00 am	94.2	94.3
11.00 am	94.3	94.3
Noon	94.2	94.3
1.00 pm	94.3	94.3
2.00 pm	94.3	94.2
3.00 pm	94.2	94.3
4.00 pm	94.2	94.4

CURRENCY MOVEMENTS

Nov.2	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.2	-17.9
U.S Dollar	60.5	-18.2
Canadian Dollar	100.9	-0.5
Austrian Schilling	110.2	+12.1
Belgian Franc	112.1	-1.8
Danish Krone	110.9	+5.4
Deutsche Mark	119.7	+25.4
Swiss Franc	115.2	+23.7
Guilder	115.1	+16.4
French Franc	105.8	-11.0
Lira	99.6	-19.4
Yen	135.8	+68.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov.1 .

CURRENCY RATES

Nov 2	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.737544	0.700684
U.S Dollar	7	1.42582	1.37229
Canadian $	12.82	1.46122	1.59844
Austrian Sch	6½	N/A	14.4626
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9510	1.9415	1.9244	1.9031	1.8688
D-mark	2.9300	2.9172	2.8961	2.8724	2.8366
French Fr.	9.8375	9.8050	9.7519	9.6679	9.6255
Swiss Fr.	2.4775	2.4663	2.4465	2.4231	2.3825
Yen	251.00	249.78	247.67	245.28	241.29

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9470 - 1.9585	1.9505 - 1.9515	0.96-0.94cpm	5.84	2.68-2.65pm	5.46
Ireland†	1.7780 - 1.7880	1.7870 - 1.7880	0.33-0.28cpm	2.05	1.05-0.95pm	2.24
Canada	1.1635 - 1.1670	1.1645 - 1.1655	0.42-0.44cdis	-4.43	1.23-1.28dis	-4.31
Netherlands	1.6885 - 1.6990	1.6935 - 1.6945	0.05-0.08cdis	-0.46	0.24-0.28dis	-0.61
Belgium	30.80 - 31.05	30.90 - 31.00	2-4cdis	-1.16	5-9dis	-0.90
Denmark	5.74 - 5.77¾	5.76¼ - 5.76¾	0.85-1.15oredis	-2.08	2.85-3.45dis	-2.19
Germany	1.4975 - 1.5070	1.5015 - 1.5025	0.07-0.09pfdis	-0.64	0.30-0.33dis	-0.84
Portugal	132.35 - 133.00	132.35 - 132.45	76-86cdis	-7.34	240-270dis	-7.70
Spain	94.30 - 95.00	94.35 - 94.45	49-53cdis	-6.48	144-152dis	-6.27
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
November	1646.0	1638.0	-21.0	1648.0	1636.0	3,885
December	1646.0	1646.0	-18.0	1646.0	1646.0	7,769
January	1652.0	1652.0	+652.0	1652.0	1652.0	440
March	-	-	-	-	-	0

Estimated volume 2,926 Total Open Interest 12,094

BANK RETURN

BANKING DEPARTMENT	Wednesday October 31, 1990	Increase or decrease for week
	£	£
LIABILITIES		
Capital	14,553,000	
Public Deposits	44,123,732	- 3,921,804
Bankers Deposits	1,817,923,798	+ 101,436,741
Reserve and other Accounts	2,075,630,940	+ 139,500,509
	3,952,231,470	+ 237,014,446
ASSETS		
Government Securities	1,221,971,113	- 137,295,000
Advance and other Accounts	1,937,612,171	+ 1,054,258,867
Premises Equipment & other Secs	781,816,059	- 685,479,120
Notes	10,658,909	+ 5,525,111
Coin	173,218	+ 4,588
	3,952,231,470	+ 237,014,446
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,589,341,091	+ 4,474,889
Notes in Banking Department	10,658,909	+ 5,525,111
	15,600,000,000	+ 10,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	11,789,396,858	+ 1,050,978,988
Other Securities	3,799,588,042	- 1,040,978,988
	15,600,000,000	+ 10,000,000

MONEY MARKETS

A firmer tone

WHOLESALE RATES had a slightly firmer tone in London yesterday as sterling weakened, and the resignation of the UK deputy prime minister created uncertainty about the political future. Three-month sterling interbank was unchanged at 13¾-13⅝ per cent, while 12-month money rose to 12 15/16-12 13/16 per cent from 12⅞-12¾.

Prices of short sterling futures weakened on Liffe as economic and political events put hopes of lower bank base rates on hold. The December contract opened sharply lower at 86.83 and fell to 86.79 before closing at 86.82 against 86.92 previously.

The Bank of England underlined its wish to keep base rates steady by lending money to London's discount houses at an unchanged rate of 14 per cent.

A very large day-to-day credit shortage of £2,050m was initially forecast, but this was revised to £2,000m at noon and back to £2,050m in the afternoon.

Total help of £2,102m was provided. An early round of assistance was offered and at that time the authorities bought £863m bills outright, by way of £2m bank bills in band 1 at 13⅞ per cent and £861m bank bills in band 2 at 13¾ per cent. Before lunch another £539m bank bills were purchased in band 2 at 13 13/16-13¾ per cent. In the afternoon the Bank of England declined to operate in the bill market but invited the discount houses to use their borrowing facilities. It was later announced that the houses had borrowed a total of £700m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,733m, with a rise in the note circulation absorbing £470m and bank balances below target £200m. These outweighed exchequer transactions adding £370m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 13.0693 from 13.1273 per cent. The top accepted rate of discount declined to 13.0959 from 13.1360 per cent. This was equal to a price of £96.735 and bids at that level received around 47 per cent of the amount applied for. The £250m bills on offer attracted bids of £1.291bn.

The average rate on £200m 182-day bills fell to 12.3030 from 12.5152 per cent and the rate on £200m 63-day bills declined to 13.3633 from 13.3848 per cent.

UK clearing bank base lending rate 14 per cent from October 8, 1990

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.2) 3 months US dollars		6 months US Dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	10	One month	7.09	Three year	7.83
Broker loan rate	9¾	Two month	7.31	Four year	8.01
Fed.funds	8	Three month	7.28	Five year	8.13
Fed.funds at intervention	-	Six month	7.36	Seven year	8.40
		One year	7.33	10-year	8.55
		Two year	7.66	30-year	8.67

Nov.2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.35-8.50	8.30-8.50	8.55-8.70	8.60-8.75	8.70-8.90	8.50
Paris	9 11/16-9 13/16	9 11/16-9 13/16	9¾-9⅞	9⅞-10	10-10⅛	9.50
Zurich	7⅝-7⅞	8⅛-8¼	-	8¼-8½	-	-
Amsterdam	8.37-8.50	8.40-8.47	-	8.58-8.65	-	-
Tokyo	7 13/16-7 15/16	8-8 1/16	-	8¼-8⅜	-	-
Milan	9⅞-10⅛	11-11⅛	-	11½-11⅝	-	-
Brussels	7.50	9-9¼	-	9⅛-9¼	-	-
Dublin	10 1/16-10 3/16	10 1/16-10 3/16	10 3/16-10 5/16	10⅜-10½	10½-10⅝	-

LONDON MONEY RATES

Nov 2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14½	14 1/16	13 13/16	13½	13
Interbank Bid	12	14	13 15/16	13 11/16	13¼	12¾
Sterling CDs	–	–	14 1/16	13¾	13¼	12 13/16
Local Authority Deps.	14⅝	14¼	14	13¾	13¼	12⅝
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps.	14	14	13 13/16	13¾	–	–
Company Deposits	–	–	14	13¾	13 3/16	12 13/16
Finance House Deposits	–	–	14 1/16	13¾	13 1/16	12⅝
Treasury Bills (Buy)	–	–	13 13/16	13⅝	–	–
Bank Bills (Buy)	–	–	13 13/16	13 9/16	12¾	–
Fine Trade Bills (Buy)	–	–	14 1/16	13 15/16	13⅛	–
Dollar CDs.	–	–	7.92	8.00	8.00	8.07
SDR Linked Dep. Offer	–	–	8⅝	9⅛	9 1/16	9⅛
SDR Linked Dep. Bid	–	–	8¾	8 13/16	8 13/16	9
ECU Linked Dep. Offer	–	–	9⅝	9 13/16	10	10 3/16
ECU Linked Dep. Bid	–	–	9½	9 11/16	9⅞	10 1/16

Treasury Bills (sell): one-month 13⅝ per cent; three months 13 7/16 per cent; six months 12⅝ per cent; Bank Bills (sell): one-month 13 11/16 per cent; three months 13 7/16 per cent; Treasury Bills; Average tender rate of discount 13.0693 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1990. Agreed rates for period Nov 26,1990 to Dec 25, 1990, Scheme I: 15.08 p.c., Schemes II & III: 15.32 p.c. Reference rate for period Sept 29,1990 to Oct 31, 1990, Scheme IV&V: 14.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from November 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8,1989. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unitbank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	15½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
Cl. Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm. Bk. of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2548

Exchequer 10½% Stk 2005 – £94%

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £103% 4 ¾ ¾

Corporation and County Stocks

No. of bargains included 8

London County 2½% Cons Stk 1920(or after) ...

Electricite de France 12¾% Gtd Ln Stk 2008(Reg) – £104% (30Oc90)

11¾% Gtd Ser Ln Stk 2009/12(Reg) – £96¾

European Investment Bank 9% Ln Stk 2001 (Reg) – £82¼ ⅝ ⅜ ¾ ⅝ ¾

9% Ln Stk 2001 (Br£5000) – £81¾ (29Oc90)

9½% Ln Stk 2009 – £82⅝ ⅝

10¾% Ln Stk 2004(Reg) – £89⅛ ¾ ⅝ ¾ ⅝

11% Ln Stk 2002(Reg) – £93⅝ ¾

11½% Ln Stk 2009(Reg) – £95¼ ¾ ¾

UK Public Boards

Foreign Stocks, Bonds, etc–(coupons payable in London)

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Miscellaneous Warrants

USM Appendix

Plantations

Shipping

Utilities

Water

The Third Market Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2.392 (26/10)
Arcadia Minerals A$0.03271 (31/10)
Boise Cascade Corp £10.86677♦
Boral Ord. A$3.069154 (31/10)
Community Psychiatric Centers £12.25♦,12.6288♦
Email Ord Stk 107 (30/10)
Greenvale Mining A$0.11137 (26/10)
Hexcel Corp $7¼♦ (30/10)
Invincible Gold NL Ord 4♦ (30/10)
Keystone International $24♦
Kulim Malaysia Ord (Malay Ord) 28♦ (29/10)
LVMH Moet-Hennessy Louis Vuitton FR3625, 3660 (31/10)
McCarthy Group R3 (30/10)
Mid-east Minerals 0.028 (29/10)
National Electronics Hldgs HK$0.626173 (30/10)
North Flinders Mines A$2.89 (26/10)
Oil Search A$0.552 (30/10)
Saab-Scania Ser "A" SK207.05, 207.66
Terrex Resources A$0.019
Westfield Minerals 30 (29/10)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Good recovery after turbulent week

A WEEK of turbulent and mostly bearish developments in the UK stock market ended steadily last night with share prices firm after recovering from the initial shock of the departure overnight of Sir Geoffrey Howe.

Sir Geoffrey's unexpected resignation, with its implications for the electoral prospects of Mrs Thatcher's government and for British policy towards the European Community (EC), unsettled equities at first; but share prices rallied with sterling following supportive comments from Mr John Major, the UK chancellor of the exchequer.

The stock market's chief worry was that both sterling and foreign confidence in UK equities might be hurt by the signs of divisions inside Mrs Thatcher's cabinet on policy towards the European Community. Overseas investors have previously reacted strongly to any apparent weakening of the electoral prospects of the Conservative government.

With sterling lower overnight and also in early dealings in London, share prices opened sharply down in a nervous atmosphere. Unofficial calculations suggested that the FT-SE Index, not officially calculated until 8.30am, was down some 26 points in very early trading to challenge the 2,000 mark which is considered a significant testing level. Consequently, there was some relief when equities rallied strongly with sterling, and the first official count showed the FT-SE Index at 2,011.2, down 16.8 on overnight.

At this level, traders reported genuine buying activity, some from the institutions,although mostly from inside the market as marketmakers backed their view that Footsie 2,000 would prove sound. Buyers were rewarded, for Footsie 2,011.2 proved the day's low. There was only moderate buying pressure later and a net gain of 4.7 was the best the market could manage. But sentiment remained firm and the close saw the FT-SE Index at 2,030.7, a gain on the day of 2.7 points.

Yesterday brought the end of the two week trading account in equities. Some of the morning's buyers were professional traders closing trading positions rather than leave them open over a weekend vulnerable to unexpected developments in the troubled Gulf situation, which is still the major cause of uncertainty for the equity traders in London.

There was a noticeable lack of new buyers when the market moved into the new trading account, however. The new account will bring a heavy list of trading reports from leading UK companies and the market is sensitive to further shocks on this front. Investors will also be busy digesting the pathfinder prospectus for the electricity privatisation issue, released yesterday.

Some of the recently privatised stocks, notably the water industry issues, gave ground on revived concerns of re-nationalisation should the Conservative government lost the next general election. But overall, the market remained more concerned with prospects for further cuts in base rates this year and for the likely effect on corporate profits of the recessionary pressures now pressing hard on the British economy.

Among several securities houses taking a more cautious view of equity prospects, Barclays de Zoete Wedd cut its market forecast for the 1990 year-end from FT-SE 2,400 to 2,200 and for 1991 from 2,650 to 2,450. Mr Bill Smith, chief equity strategist, said the reduced forecasts reflected concern over the deteriorating business climate and the outlook for dividends.

Account Dealing Dates

*First Dealings:		
Oct 22	Nov 5	Nov 19
Option Declarations:		
Nov 1	Nov 15	Dec 6
Last Dealings:		
Nov 2	Nov 16	Dec 7
Account Day:		
Nov 12	Nov 26	Dec 17

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.09	80.26	80.24	80.11	79.91	83.75	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.13	88.97	88.85	88.82	88.73	93.29	92.61 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1570.7	1572.1	1582.9	1573.3	1600.0	1746.4	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/6/90)	49.4 (26/6/40)
Gold Mines	170.2	170.5	171.6	168.9	168.1	231.5	378.5 (6/2)	163.2 (15/8)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2030.7	2028.0	2050.3	2033.9	2062.1	2173.1	2463.7 (2/1)	1990.2 (28/9)	2463.7 (2/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	978.39	973.05	990.04	984.93	998.47	-				
Ord. Div. Yield	6.09	6.08	6.01	6.07	5.98	4.73				
Earning Yld %(full)	12.68	12.67	12.52	12.65	12.46	11.37				
P/E Ratio(Net)(*)	9.58	9.59	9.69	9.58	9.73	10.64				
SEAQ Bargns 4.45pm	20,992	19,456	20,586	18,856	17,746	21,202				
Equity Turnover(£m)†	-	658.12	809.58	671.83	422.52	806.84				
Equity Bargains†	-	17,873	18,185	16,595	16,157	20,798				
Shares Traded (ml)†	-	345.5	412.7	332.5	229.1	307.7				

Ordinary Share Index, Hourly changes — Day's High 1571.7 — Day's Low 1557.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1557.9	1564.0	1563.4	1565.0	1566.7	1565.7	1565.7	1568.1	1570.4

FT-SE, Hourly changes — Day's High 2032.7 — Day's Low 2011.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2011.2	2020.5	2028.9	2024.5	2027.9	2026.8	2027.1	2027.8	2030.2

FT-SE Eurotrack 100, hourly changes — Day's High 979.42 — Day's Low 976.32

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
978.23	978.27	978.92	977.18	978.80	977.39	978.36

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/10/90. [illegible]

GILT EDGED ACTIVITY

Indices*	Nov 1	Oct 31
Gilt Edged Bargains	119.9	128.3
5-Day average	115.9	113.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	[illegible]	[illegible]	[illegible]
ASDA Group	[illegible]	[illegible]	[illegible]
Abbey National	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
Argos	[illegible]	[illegible]	[illegible]
Argyll Group	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]
BAT Inds.	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]
BPB Inds.	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]
Bank of Scotland	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]
Beazer	[illegible]	[illegible]	[illegible]
Berisford Intl.	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]
Brit. Aerospace	[illegible]	[illegible]	[illegible]
British Airways	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]
British Steel	[illegible]	[illegible]	[illegible]
British Telecom	[illegible]	[illegible]	[illegible]
Bunzl	[illegible]	[illegible]	[illegible]
Burmah Castrol	[illegible]	[illegible]	[illegible]
Burton	[illegible]	[illegible]	[illegible]
Cable & Wire.	[illegible]	[illegible]	[illegible]
Cadburys	[illegible]	[illegible]	[illegible]
Calor Group	[illegible]	[illegible]	[illegible]
Carlton Comm.	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]
Comm. Union	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

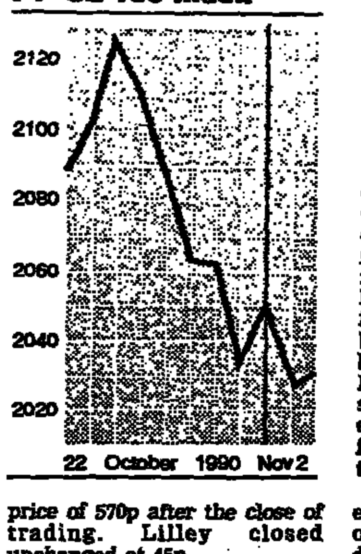
Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

A volatile two week trading account in equities ended last night with the Footsie off 58.3 points on the account and down more than 103, or nearly 5 per cent, from its peak during that period. Trading reflected the implications of sterling's EMS entry, Gulf tension, domestic political events and a host of profits downgradings for big UK companies. A pessimistic report on business opinion from the Confederation of British Industry revived hopes for another cut in base rates, but these were dismissed by both the Treasury and the Bank of England. However, stockmarket analysts still expect UK interest rates to fall again before the end of the year.

Paris leads on Eurotunnel

An 8 per cent fall for Eurotunnel in the Paris market where most of the shares are traded led to a drop of 35 to 435p in London. This followed the launch of the £532m three-for-five rights issue at 285p a share and details of the company's balance sheet. Dealers said the rights issue price was substantially lower than expected.

In Paris the shares fell by FFr4.05 to FFr44.45 on a turnover of 238,600, heavy for a day of thin trading. In London, analysts were meeting with the company last night and are expected to be re-examining their stance over the weekend.



Gas seeks US cash

British Gas detached itself from the oil majors to end 2¼ lower at 213p. Traders mentioned the possibility of a Labour government's return at a general election being increased by the resignation of the deputy prime minister.

Analysts, however, said a Labour government was unlikely to renationalise British gas, They pointed, instead, to the company's $1.5bn US commercial paper programme, announced yesterday. They said that the fact the cash was being raised in the United States implied that the company was confident that the Ontario Government would approve its C$1.1bn purchase of Consumers Gas, Canada's biggest natural gas distributor.

German build-up

Philip Holzmann, a leading German building and construction company, announced an increase in its Tilbury Group shareholding to 29 per cent. This followed the purchase of 3.04m shares (15 per cent) at 550p per share from construction and property concern Lilley.

Holzmann restated that it has no present intention of making an offer for the company, but stressed that it reserves the right to review this intention in the event of a third party making an offer. Tilbury Group finished 2 lower at 528p although this was still a net gain on the week of 23p. The share announcement came too late to affect Tilbury, but market makers were quoting a price of 570p after the close of trading. Lilley closed unchanged at 45p.

Pearson lower

Pearson fell quickly on a downgrading from James Capel. The broker reduced its profit forecast for this year by £30m to £235m and for 1991 by £45m to £250m. It took a more cautious stance on the company's activities in publishing, merchant banking and oil services, the last named to take account of the weakness of the dollar. Forecasts for the fine china and entertainment divisions were left unchanged.

Pearson fell 44 at one point before ending the day a net 33 off at 609p. Turnover was 1.5m shares, high for this normally thinly traded stock. Among other publishers, Emap fell 16 in sympathy to 198p.

Reuters ended a dismal week with a relatively small recovery. The shares rose 16 to 590p on solid turnover of 2.4m. The decline since the previous Friday was 76p.

Glaxo was a steady market as Germany approved Zofran, a new drug which prevents nausea and is intended for use with patients undergoing cancer therapy. Glaxo firmed 4 to 758p.

A big trade in Unilever on the overnight ticker led marketmakers to assume that a line of 1m shares was overhanging the market. The price trickled lower through the session and ended at 643p, down 5.

Leading bank shares showed modest gains. One dealer said that persistent selling earlier in the week had left traders technically short of stock, and this helped some of the major shares to close higher.

United Scientific, the defence equipment maker, rose 6 to 34p after the US Federal Trade Commission approved the sale of subsidiary Optic Electronic Corporation of Dallas to another US concern, IMO industries.

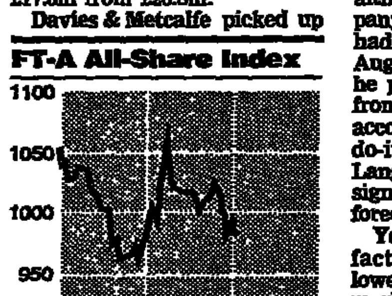
Continuing bid speculation was seen as the basis for a rise of 8 to 282p in STC on a heavy turnover of 4.6m. The stock was also the heaviest traded equity in the Traded Options market.

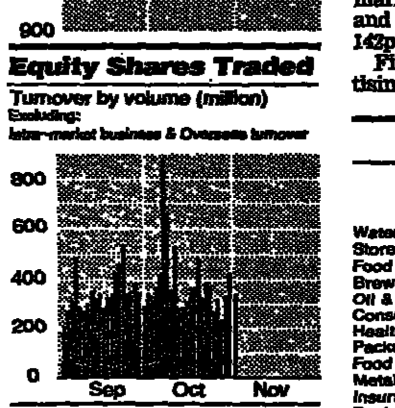
Cable & Wireless was firm at 404p after BZW changed its recommendation to buy saying that the forthcoming duopoly review would have more impact on BT than Cable and the increased competition in the sector would be less detrimental than expected.

Shares in Howden Group, the engineering company, reacted to a warning that profits would be severely affected by a contractual dispute over its Great Belt tunnel project in the Baltic. They slid 28 to 44p.

The effect of the announcement was reinforced when broker Hoare Govett radically cut its 1990 profit forecast and reduced its 1991 estimate to £17.5m from £26.5m.

Davies & Metcalfe picked up 11 to 221p and the "A" shares gained 9 to 209p after the company announced that British Rail Engineering had awarded the company a £1m manufacturing contract which Davies anticipates will lead to "long term demand ... for both home and overseas customers."





Weakness in Lex Service, where the price fell 10 to 165p, found traders searching for an explanation. There was no evidence of a profits downgrading, and inquiries pointed to one securities house said to be leading the decline. All it would say was: "The shares had been squeezed higher the previous week and in a very thin and cautious market it was now attempting to find a trading level."

Yorkshire Chemicals withstood a further profits downgrading, closing little changed at 282p. BZW reduced estimates for this year and next purely on arithmetic calculations involving movements in currencies, but retained its hold stance on the shares. "They are likely to consolidate before moving ahead again," said the investment bank.

Harrisons & Crosfield regained composure after reacting sharply on Thursday to a recasting of analysts' profits forecasts. At the close yesterday, the shares were 6 higher at 122p.

Widespread speculation that Henderson Crosthwaite had downgraded Hillsdown following a visit to the company were denied by the agency broker. Mr David Lang said that although he had seen the company two weeks ago, forecasts had not been changed since August. He said, however, that he planned to take 1 per cent from the estimate to take into account trading at the Wickes do-it-yourself operation. Mr Lang said the change was not significant. "It is well within forecasting error."

Yorklyde, the textile manufacturer, revealed slightly lower interim profits but the market was not disappointed and the shares bounced 27 to 142p.

Financial services and advertising group, MAI, slipped 4½ to 95½p after the chairman warned yesterday that "sterling will have an adverse impact on profits." In the light of the deteriorating trading environment, the company's divisions are concentrating on optimising margins and gaining market share, he told shareholders.

Television stocks were buoyed by the passing in Parliament on Thursday of the Broadcasting Bill. Analysts said that press comment on the Bill stimulated bid speculation in the sector. The best performers were Thames and Scottish, both up 16 to 371p and 508p respectively, TVS 10 higher at 66p and Anglia, 11 to the good at 226p.

USM-quoted Xtra-Vision, which is involved in the video rental business, perked up briefly. Cambridge Group, a Dublin-based financial services concern, made an approach to the company which might lead to an offer. Shares in Xtra-Vision, which issued a profits warning last month, rose to 11p before settling unchanged on the day at 8p.

Shares in Leading Leisure, the hotel, sports centre and bingo hall operator quoted on the Third Market, were suspending at 2p "at the company's request pending clarification of its financial position".

The Water Package was again particularly badly hit, falling £87 at one point before recovering to close at £2205, a fall of £35 from Thursday's close. One trader said that some overseas investors took fright at the start of trading on fears that there could be a challenge to Mrs Thatcher's leadership. However, the underlying strength of water stocks, as highlighted by Thames Water's attractive interim dividend announced earlier in the week, limited losses in leading stocks such as Anglian Water to just 4 at 227p, while Severn Trent ended 2 lower at 199p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 12.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (11). BRITISH FUNDS (2) BREWERS (1) STORES (1) INDUSTRIALS (1) Baris, TRANSPORT (1) TRUSTS (2) MINES . NEW LOWS (282). AMERICANS (4) CANADIANS (2) BANKS (5) BUILDINGS (13) CHEMICALS (5) STORES (4) ELECTRICALS (19) ENGINEERING (16) FOODS (8) INDUSTRIALS (38) Abbeycrest, Alexandra Workwear, Artey, Avon Rubber, BBA, BET, BTR Nylex, Barry Wehmiller, Biopian, Bridon, Brierley Invs., CSR, Cannon Street Invs., Celestion, Clearmark, Continuous Stationery, Doctus, Elkem, Expamet Intl., Glevet, Grampian, Hanson, Harrisons & Crosfield, Hartons, Kitty Little, Lionheart, Nobo, Norson, Porth, Quotient, RKF, Scapa, Shaw (Arthur), Stainless Metalcraft, Third Mile Inv., UDO, WSP, Wiltshire, YRM, INSURANCE (5) LEISURE (4) MOTORS (6) NEWSPAPERS (6) PAPERS (4) PROPERTY (8) SHOES (1) SOUTH AFRICANS (1) TEXTILES (1) TRANSPORT (2) TRUSTS (33) OILS (4) OVERSEAS TRADERS (1) MINES (11) THIRD MARKET (1).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	16	56	14	107	128	23
Corps. Dom. & Foreign Bonds	2	5	14	9	12	42
Industrials	262	493	794	742	1,304	2,607
Financial and Props	115	194	434	387	559	1,279
Oils	21	29	41	57	82	130
Plantations	2	1	7	5	9	16
Mines	14	42	97	67	98	294
Others	59	70	76	193	170	260
Totals	491	890	1,477	1,567	2,362	4,651

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday November 1 1990

Water	- 1.29	Transport	- 22.60
Stores	- 1.51	Investment Trusts	- 23.35
Food Retailing	- 2.64	Banks	- 23.66
Brewers and Distillers	- 5.33	Financial Group	- 24.38
Oil & Gas	- 7.51	Publishing & Printing	- 25.05
Consumer Group	- 11.85	Conglomerates	- 25.42
Health and Household	- 12.24	Insurance (Brokers)	- 25.84
Packaging & Paper	- 14.70	Property	- 26.46
Food Manufacturing	- 15.56	Capital Goods	- 26.47
Metals & Metal Forming	- 15.76	Insurance (Composite)	- 27.75
Insurance (Life)	- 15.81	Engineering-General	- 27.88
Engineering-Aerospace	- 16.73	Contracting, Construction	- 28.30
500 Share Index	- 17.01	Merchant Banks	- 28.51
Telephone Networks	- 17.76	Leisure	- 29.69
All-Share Index	- 18.45	Motors	- 31.43
Industrial Group	- 18.59	Electricals	- 33.75
Chemicals	- 19.77	Overseas Traders	- 34.21
Building Materials	- 19.77	Other Industrial Materials	- 38.50
Electronics	- 20.18	Agencies	- 41.92
Textiles	- 21.62	Gold Mines Index	- 44.84
Other Groups	- 21.87		

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-01	-03/32	11.63	11.73	12.53
		9.000	03/00	86-21	-02/32	11.35	11.40	11.74
		9.000	10/08	84-18	-08/32	10.98	10.94	11.11
US TREASURY *		8.750	08/00	101-11	+02/32	8.54	8.64	8.70
		8.750	08/20	100-26	+05/32	8.67	8.78	8.88
JAPAN	No 119	4.800	06/99	84.7884	+0.445	7.74	7.92	8.28
	No 129	6.400	03/00	94.3072	+0.418	7.43	7.61	7.94
GERMANY		8.500	08/00	98.9500	+0.050	8.98	8.98	9.04
FRANCE	BTAN	9.000	11/95	95.5746	-0.101	10.16	10.19	10.36
	OAT	8.500	03/00	89.7100	-0.170	10.24	10.26	10.52
CANADA *		10.500	07/00	97.5500	+0.450	10.91	11.11	11.16
NETHERLANDS		9.000	10/00	99.0800	+0.120	9.15	9.18	9.24
AUSTRALIA		13.000	07/00	98.5630	+0.531	13.26	13.41	13.50

London closing, *denotes New York morning session

Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Base metals take downward path

BASE METALS have not had a good week on the London Metal Exchange, closing lower across the board.

Copper, the most heavily-traded metal, continued to weaken against a background of slowing economic growth and fears of a war in the Gulf. Although cash metal closed up £19 yesterday at £1,347 a tonne, there was a fall of £60.50 on the week.

Mr Nick Moore, analyst with brokers Ord Minnett, said attempts by some traders to support copper prices were looking increasingly like an attempt to push jelly uphill with a stick. He pointed out that stocks on New York's Commodity Exchange (Comex) this week rose by 64 per cent to 7,563 tonnes, taking the shine off Comex prices.

LME warehouse stocks fell by 1,500 tonnes on Tuesday and by 550 tonnes on Thursday, but at 181,975 tonnes they remain very close to the recent five-year high. Mr Robert Bothwell, vice-president of Asarco Copper Sales, this week attributed the recent sustained rise in LME stocks to de-stocking by the Soviet Union.

Mr Moore said the question was not so much where the metal came from, but when it was going to go. He is forecasting a price of below $1 a lb for copper throughout next year (compared with the current level around 117 cents).

Adding to the bearish mood this week was news of a preliminary agreement for Outokumpu, the state-owned Finnish group, to build a $300m copper smelter in Portugal which is scheduled to produce 200,000 tonnes of anode copper from 1994. And next month the enormous Chilean Escondida mine is due to start up seven months ahead of schedule. It will produce 320,000 tonnes of copper a year by 1992 at a cost price of 40 cents a lb.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+32200	to 205,700
Copper	-550	to 181,975
Lead	-525	to 44,300
Nickel	-518	to 2,544
Zinc	+3875	to 62,550
Tin	+285	to 11,355

Both copper and nickel prices are almost 25 per cent down on the peaks reached in early September. Aluminium, however, has fallen by only 5 per cent.

Mr Moore believes the Gulf situation is a two-edged sword in the case of aluminium. On the one hand, 640,000 tonnes of capacity now in the Middle East and 25 per cent of planned capacity could come under threat. On the other hand, higher oil prices will constrain producers using oil as an energy source, although weaker output could be offset by falling demand.

Demand fundamentals look good, however. The Japanese are aiming for a 40 per cent reduction in fuel consumption for their cars, and the industry is expected to use more aluminium to lighten the vehicles. While North American aluminium usage is high, there is scope for increasing per capita consumption in both the Far East and Europe, Mr Moore believes.

The market moved ahead sharply on Wednesday in the approach to labour talks at Kaiser in the US, only to fall on Thursday when agreement was reached. News yesterday that labour talks had broken down at Ravenswood Aluminum's West Virginia smelter did not have an immediate effect on prices as management said it would use salaried staff to operate facilities.

On the supply side, Becancourt's third potline in Quebec came on stream, and will be raising output at the smelter to 360,000 tonnes a year from next year.

Cash aluminium closed yesterday at $1,877.50 a tonne, a fall of $85 on the week. Of the fall, $38 came yesterday after news that LME stocks had soared by 32,200 tonnes to 205,700 tonnes. LME Japanese warehouses now have 34,000 tonnes of aluminium, a sharp rise from 175 tonnes in September. This could indicate that there is now spare metal in Japan because of slackening demand.

Of the softs, cocoa has fared worst as the market reacted to the uneventful presidential elections in the Ivory Coast, the world's biggest producer, last weekend. March cocoa on the London Futures and Options Exchange (Fox) touched a contract low of £674 a tonne on Wednesday, but has since recovered some of the losses, closing at £698 a tonne yesterday, a fall of £25 on the week.

A huge production surplus is overhanging the market. The latest estimate from the US Department of Agriculture this week put the surplus at 91,000 tonnes for 1990-91. Although this hardly came as a surprise to the market, it was lower than some forecasts.

News this week that Nigeria was withdrawing its proposed ban on exports of raw cocoa "in view of the inadequacy of cocoa processing facilities in the country" merely added to bearish sentiment.

David Blackwell

APPOINTMENTS

Changes at Booker

■ Following the acquisition of Fitch Lovell, Mr Geoffrey Hankins (left) and Mr Stuart Guthrie-Brown (right) have joined the board of BOOKER, and Mr Guthrie-Brown has been appointed company secretary.

Booker Food Services and Fitch and Son have been combined to form BOOKER FITCH FOOD SERVICES. Mr John Black has been appointed managing director of the new group, reporting to Mr Barry Skipper, chief executive Booker food distribution division. The following are appointed to the board: Mr David Claxton, sales; Mr Del Fryer, trading; Mr Nick Grogan, finance; Mr Tony Moss, operations; Mr Stan Noble, national accounts and contracts; and Ms Annette Turner, personnel. This month Mr John Shedden will join the board as buying and marketing director. He is supply director with Burgerking (UK).

Mr John Twiselton, managing director of Pullman Foods, also now reports to Mr Skipper; and Mr Adrian Busby of Booker Wholesale Foods, and Mr Kevin Llewelyn-Evans of Booker's food division, become non-executive directors of Pullman.

■ C.I. DE ROUGEMONT & CO has appointed Mr A.K. McL. Young as managing director, succeeding Mr R.H. Griffith who retires but remains as non-executive chairman.

■ Mr Iain C. Stewart-Hunter and Mr T. Anthony Lewis have been appointed senior vice presidents and co-managers of the London office of RAYMOND JAMES & ASSOCIATES INC, stockbroking subsidiary of the Florida-based group Raymond James Financial Inc.

INPACT, the International Network of Professional Accountants, has appointed Mrs Bernadette Forcey (pictured) as international director. She has been personal assistant to Dr David Owen, and public affairs adviser to Rank Xerox, and the TSB Group during its flotation. Inpact has a membership of 47 accountancy firms.

■ CLAYS, Bungay, Suffolk, book printing subsidiary of St Ives, has elected Ms Sarah Okell, Mr Ian Foyster and Mr George Karklins to the board.

■ Mrs L. Feld has been appointed president of RESORT HOTELS following the death of Mr A. Feld. She was vice president.

■ Mr Kerry R. Wark has been appointed manager, marketing operations, in the newly-formed MOBIL Europe center of operations, London. He is marketing director of Mobil Oil Co.

■ Mr Jerry Heath has been appointed managing director of BABCOCK FULTON PREBON, US dollar division, and Mr Geoff Mayhill joins the board of Babcock Fulton Prebon.

■ Mr P.M. Dodd has been appointed a director of HARLEY MULLION & CO, and ERLEBACH & CO.

■ Mr Michael Stoney has been appointed deputy managing director (finance) of MIRROR HOLDINGS.

■ FINANCIAL INSURANCE GROUP has appointed Mr Guy Beacroft as assistant director - business development, and Mr Keith Hall as assistant director - training.

■ Mr Robin Gimson has been appointed sales director of FORTRESS INTERLOCKS, part of Halma.

■ THE CURTAIN FACTORY, South Normanton, a company formed to buy from the receivers the assets of Filigree Textiles, which made lace curtaining, has made the following appointments. Mr Martin Willey becomes chairman and managing director. He was general manager of Filigree Textiles. Mr Tom Mulligan is made finance director, and Mr Stephen Walkley marketing director. Mr Peter Richardson becomes sales director. He was sales and marketing director of Filigree Textiles, a company which was part of the Strathgordon Group.

■ Mr Barry Lockwood has been appointed marketing director of SAN ENGINEERING, Manchester, UK subsidiary of Svend a Nielsen, Denmark.

■ LONDON TRANSPORT has appointed Mr Andrew Braddock to succeed Mr Tony Shaw as head of the unit for disabled passengers from January 2. Mr Braddock is director and general manager of The Bee Line (Berks, Bucks Bus Co).

■ Mr David Thoms has been appointed managing director of Robert Fraser Financial Management. He is on the board of the parent company ROBERT FRASER INSURANCE BROKERS.

Mr Chan Bae (pictured), managing director of Samsung Electronics UK, has been additionally appointed managing director of Samsung Electronics Manufacturing UK, putting him charge of all SAMSUNG ELECTRONICS activities in the UK.

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Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	38.75	38.75	41.44	-0.45	6.61
Gilts & Fixed Int	6	106.3	106.3	112.7	-0.4	10.20
High Inc Equity	6	112.7	115.8xd	123.1	-2.0	5.16
Worldwide Bond	6	186.8	186.8xd	197.9	+0.9	7.58
Capital Growth						
American Growth	6	144.8	144.8	154.8	-0.8	1.24
Asian Pacific	6	95.12	95.12	101.7	-1.9	0.12
Assets & Earnings	6	136.8	136.8xd	146.3	-1.1	3.21
Capital Reserve Acc	0	98.32	98.32	98.40	+0.05	7.25
Capital Reserve Inc	0	82.63	82.63	82.70	+0.04	7.26
Comdty & Energy	6	74.88	74.88	80.08	-0.49	1.27
1992 Enterprise	6	52.75	52.75	56.41	-0.61	3.46
Euro Capital Acc	6	83.65	83.65	89.46	-0.15	1.11
Euro Capital Inc	6	80.32	80.32	85.90	-0.14	1.11
General	6	144.5	144.5xd	154.5	-1.7	3.24
Japan	6	86.64	86.64xd	92.66	-0.15	0.00
Mastertrust	6	75.07	75.07	80.28	-0.42	2.11
UK Growth Acc	6	136.0	136.0xd	145.4	-0.6	2.83
UK Growth Dist	6	87.96	87.96xd	94.07	-0.41	2.83
US Emerging Cos	6	38.72	38.72xd	41.41	-0.60	0.00
Income & Growth	6	247.1	247.1xd	264.2	-3.8	3.88
Ethical	6	40.18	41.31	43.94	-0.38	2.28
International	6	50.59	51.37	54.64	-0.27	0.92
Dividend & Growth	6	39.68	40.75	43.35	-0.39	5.19
Global Grth & Sec	6	46.57	46.79	49.77	+0.02	2.01

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	24.67	24.67xd	26.18	-0.08	3.01
Cash		50.00	50.00	50.00	..	14.00
European	5¼	68.36	68.36	72.63	-0.03	0.00
European Income	5¼	71.03	71.03	75.27	-0.03	1.65
Exempt	1	655.0	655.0xd	675.0	-4.7	3.46
Exempt Income	3¼	152.8	152.8	161.5	-0.7	5.25
Exempt American	3¼	290.2	290.2xd	301.7	-2.0	1.87
Exempt Pacific	3¼	188.0	188.0	195.7	-0.6	0.00
Extra Income	5¼	34.69	34.69	37.03	-0.11	6.71
Far East Emerg Cos	5¼	38.91	38.91	41.67	-0.45	0.00
Fund Inv Tst	5	98.37	98.37xd	105.0	-0.65	1.65
Fund Inv Tst Acc	5	155.4	155.4xd	165.9	-1.0	1.73
Gilt & Fixed Int	5¼	15.63	15.76	16.82	-0.02	11.02
Japan	5¼	143.4	150.7	152.1	+0.1	0.00
Pacific	5¼	28.04	28.04	30.03	-0.30	0.00
Smaller Companies	5¼	36.62	36.62	39.10	-0.07	2.48
Special Situations	5¼	48.79	48.79xd	52.08	-0.32	0.77
UK Growth	5¼	29.75	30.25xd	32.29	-0.14	1.91

Brown Shipley & Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price
Monthly Income	6	45.86	45.86	49.84
North American	6	48.09	48.09	51.22
Orient ♦	6	90.84	90.84	96.74
Recovery	6	34.10	34.10	36.32
Smaller Cos Acc	6	175.9	175.9xd	189.1
Smaller Cos Inc	6	106.3	106.3xd	114.3

Brycourt Unit Tst Mgmt Ltd (1400)H
Hesketh Hse, Portman Sq, W1H 0JR 071-9…
Income Growth | 1 | 157.3 | 157.3xd | 163.6

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-2…

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 071-4…
Short Dated Gilt | 1¼ | 59.61 | 59.61 | 60.46

CCF Foster Braithwaite UT Mngt (1…
1 White Hart Yard, London SE1 1NX 071-40…

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 081-74…
UK General Tst | 5¼ | 45.69 | 46.82 | 49.80
Global Tst | 5¼ | 35.80 | 36.19 | 38.50
Recovery Tst | 5¼ | 41.50 | 42.61 | 45.33

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 071 23…
Growth Fd Acc | 9 | 107.5 | 109.0 | 115.0

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 0AH 061 83…
Enviro | 6 | 79.44 | 81.62 | 86.84
UK Growth | 6 | 90.25 | 91.96 | 97.84
UK Income | 6 | 88.24 | 90.17xd | 95.93

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 071-2…

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS 071-280 2060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	5	101.4	101.8	108.6	..	0.56
(Accum Units)	5	108.1	108.5	115.8	..	0.56
American Income	5	30.21	30.21xd	32.27	-0.17	9.28
(Accum Units)	5	40.33	40.33xd	43.02	-0.25	9.28
American Sm Cos	5	37.82	37.82xd	40.35	-0.35	0.00
(Accum Units)	5	38.34	38.34xd	40.90	-0.35	0.00
British Blue Chip	5	49.93	50.05xd	53.39	-0.45	3.32
(Accum Units)	5	55.01	55.15xd	58.83	-0.52	3.32
Cash *	0	101.4	101.5xd	101.5	+0.10	14.20
(Accum Units) *	0	106.8	106.9xd	106.9		14.20
European Growth	5	151.1	151.1	160.9	+0.10	0.75
(Accum Units)	5	160.4	160.4	170.4	+0.10	0.75
European Income	5	64.07	64.07	68.07	-0.20	4.79
(Accum Units)	5	74.72	74.72	79.40	-0.23	4.79
General	5	315.3	318.0	339.3	-2.90	2.91
(Accum Units)	5	560.6	565.6	603.3	-4.60	2.91
Gilt	5	81.69	81.69	85.89	-0.25	9.33
(Accum Units)	5	121.5	121.5	127.8	-0.50	9.33
High Income	5	42.80	42.80xd	45.66	-0.49	6.78
(Accum Units)	5	50.42	50.42xd	53.79	-0.49	6.78
High Interest	5	41.37	41.37xd	43.57	-0.03	11.03
(Accum Units)	5	53.73	53.73xd	56.60	-0.04	11.03

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI American Acc ♥	5	54.52	54.63	58.12	-0.04	1.68
NPI American Dist ♥	5	51.30	51.40	54.68	-0.03	1.68
NPI European Acc	5	63.83	64.47	68.58	-0.26	0.67
NPI European Dist	5	62.83	63.46xd	67.51	-0.25	0.67
NPI Far East Acc ♥	5	94.88	95.25	101.33	0.09	0.30
NPI Far East Dist ♥	5	94.21	94.56	100.60	-0.10	0.30
NPI O'seas Acc	5	736.7	741.3	788.6	-5.40	1.37
NPI O'seas Dist	5	576.0	579.6	616.6	-4.20	1.37
NPI UK Acc	5	400.4	404.3	430.1	-2.70	5.04
NPI UK Dist	5	222.4	224.6xd	238.9	-1.60	5.04
NPI W'wide Acc	5	59.64	60.60	64.47	-0.30	0.57
NPI W'wide Dist	5	57.36	58.29xd	62.01	-0.29	0.57

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 071-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Income	6	124.0	126.8xd	134.9	-0.5	7.37
Newton Global	6	188.5	192.2xd	204.5	-1.1	4.26
Newton General	6	88.00	90.32xd	96.08	-1.22	5.01

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

FT MANAGED FUNDS SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin. 0296 594000 Dealing 0296 312156						
American Eagle	5	55.24	55.24	59.08	(z)	1.30
Australia	5	5.268	5.268	5.638	(z)	4.73
Equity	5	136.0	136.0	146.2	(z)	5.26
Euro Spec Sits	5	97.57	97.57	104.8	(z)	[illegible]
Financial	5	23.71	23.71xd	25.53	(z)	3.43
Global Opps Inc	5	56.75	56.75xd	60.10	(z)	0.00
Global Opps Acc	5	56.17	56.17	60.55	(z)	0.00
Gold & Gen Inc	5	35.54	35.54d	38.21	(z)	1.05
Gold & Gen Acc	5	66.24	66.24	71.25	(z)	1.05
Income	5	84.03	84.03xd	90.45	(z)	6.85
Japan & General	5	112.3	112.3	120.7	(z)	0.00
Preference Share	5	17.30	17.56xd	18.89	(z)	14.04
UK Capital	5	74.77	74.77	80.38	(z)	4.35
World Income	5	51.07	51.07xd	54.86	(z)	6.44
Worldwide Capital	5	142.2	142.2	153.1	(z)	3.57
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	89.73	89.43	95.65	-0.56	3.83
Global Growth Inc	6	85.25	85.93	91.90	-0.56	3.83
Global Balanced Acc	6	89.87	90.40	96.68	-0.02	5.05
Global Balanced Inc	6	83.73	84.22	90.07	-0.02	5.05
Value Tst Acc	6½	65.48	66.49	71.12	-0.78	4.86
Value Tst Inc	6½	63.84	64.83	69.34	-0.76	4.86
Intl Pen & Ch'ties Inc ♦	2	84.90	86.29	90.59		4.04
Intl Pen & Ch'ties Acc ♦	2	81.93	83.27	87.42		4.04
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	45.08	45.35	48.24		-
Overseas	5	39.43	39.59	42.11		-
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	39.31	39.31	41.92	-0.32	0.27
(Accum Units)	5	40.45	40.45	43.14	-0.33	0.27
Cash	0	50.84	50.84	50.84		14.00
Accum Units	0	50.84	50.84	50.84		14.00
European Opps ♦	5	56.73	56.73	60.49	-0.16	0.00
(Accum Units) ♦	5	57.04	57.04	60.78	-0.16	0.00
Far Eastern Opps	5	99.61	99.61	106.24	-0.58	0.00
(Accum Units)	5	100.25	100.25	106.92	-0.58	0.00

	Bid Price	Offer Price	+ or -	Yield Gross
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Oct 31	35.8	37.2	----	2.91
Euro Expt Oct 31	47.5	49.8	----	2.64
Fixed Int Ex Oct 31	43.7	44.8	----	10.64
Japan Expt Oct 31	42.0	43.8	----	0.84
Managed Ex Nov 1	37.2	38.[illegible]	----	5.49
SE Asia Expt Oct 31	55.3	58.0	----	4.64
Sm Cos Expt Oct 31	29.5	30.9	----	4.97
UK Eqty Ex Oct 31	35.9	37.6	----	5.21
Phillips & Drew Fund Management Ltd				
Small Co's Oct 3	587.8	630.6	----	5.55
Do Accum	653.7	701.2	----	5.55
Intl Exec Oct 24	146.9	149.2	----	4.41
UK Index Oct 3	955.0	975.6	----	5.25
Do Accum	1009	1029	----	5.25
Convertible Oct 26	77.19	79.78	----	9.98
World ex UK Index Oct 22	648.6	657.6	----	2.28
Do Accum	648.6	657.6	----	2.28
Japan Index Oct 29	561.7	569.9	----	0.65
Do Accum	562.8	570.9	----	0.65
USA Index Oct 22	699.0	703.8	----	4.07
Do Accum	708.9	713.6	----	4.07
Europe ex UK Index Oct 29	792.7	812.5	----	3.01
Do Accum	805.0	825.0	----	3.01
Pac ex Jap Index Oct 29	732.7	753.9	----	5.52
Do Accum	746.5	768.0	----	5.52
Managed Exempt Oct 31	87.90	89.57	----	5.75
American Exempt Oct 31	93.97	95.74	----	4.83
European Exempt Oct 31	102.3	103.6	----	5.2
Japan Exempt Oct 31	106.0	107.3	----	0.39
Pacific Basin Oct 31	97.37	100.2	----	4.58
NM Rothschild Asset Management Ltd				
NC Managed	51.1	54.4[illegible]	-0.3	4.36
NC Property	174.3	191.2	----	-
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum	1118.3	1174.2[illegible]	----	4.21
Stewart Ivory & Co Ltd				
Saints PPP Oct 12	224.9	236.81	----	-
Closed to new business				

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

Three Counties Asst Mngt Ltd

Timberlake Trust Mngrs Ltd

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Triton Fd Mngrs. Ltd. (1000)H

Tyndall Unit Tst Mngrs Ltd (1600)F

UK Unit Trust Managers Ltd (0900)F

UTAM Ltd (1300)F

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mgmt Ltd

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acuma Life Assurance Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Assur. Co Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Charities Official Inv Fund

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citicorp British National

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insurance/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

FT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Imperial Life Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manufacturers Life Assurance

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

Continued on next page

FT MANAGED FUNDS SERVICE

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National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	298.0	313.7	-1.3	-
UK Equity	371.8	391.4	-2.4	-
Overseas Eq.	283.0	297.9	-1.8	-
Americas	203.1	213.8	-0.1	-
Far East	305.5	321.6	-0.2	-
Property	191.3	201.4	-0.1	-
Fixed Int.	232.0	244.3	-0.9	-
Indexed Gilt	144.9	152.6	+0.3	-
Deposit	171.7	180.8	+0.1	-
Pension Fund (Accum Units)				
Managed	412.1	433.8	-1.6	-
UK Equity	472.9	497.8	-2.9	-
Overseas Eq.	467.1	491.7	-1.2	-
Americas	269.3	283.5	-0.9	-
Far East	507.7	534.5	-1.2	-
Property	237.3	289.8	-0.2	-
Fixed Int.	281.7	296.6	-1.2	-
Indexed Gilt	159.3	167.7	+0.3	-
Deposit	235.9	248.4	----	-
NPI Pensions Management Ltd				
Managed Fund	928.8	945.4	----	-

Prices Nov 1 Next dealing Dec 3

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	59.9	63.1	-0.2	-
Stock Market Mngd Fund	56.3	59.2	-0.2	-
Equity Fund	63.8	67.1	-0.4	-
International Fund	49.8	52.4	----	-
European Fund	61.2	64.4	----	-
North American Fund	47.1	49.6	----	-
Pacific Fund	51.1	53.8	-0.1	-
Property Fund	86.5	91.1	+0.1	-
Fixed Interest Fund	52.6	55.3	-0.2	-
Index linked Sec Fund	58.9	62.0	+0.2	-
Deposit Fund	65.9	69.4	----	-
NUAM Retirement Plans				
Mixed Fund	65.0	68.4	-0.3	-
UK Ordinary Share Fd.	73.2	77.1	-0.6	-
International Fund	54.5	57.4	+0.2	-
Property Fund	83.9	88.3	----	-
Fixed Interest Fund	62.8	66.1	-0.2	-
Index Linked Sec Fund	62.2	65.5	+0.1	-
Deposit Fund	76.5	80.5	----	-
NUAM (NF)				
Managed Fund	850.6	895.4	-2.5	-
Equity Fund	1764.6	1857.5	-9.2	-
International Fund	131.5	138.5	[illegible]	-

Providence Capitol Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Total Investment Bond				
UK Equity Initial	127.1		-0.1	-
UK Fixed Int Initial	107.5		-0.5	-
Intl Equities Initial	102.1		-0.6	-
UK Managed Initial	103.9		-0.2	-
Property Initial	164.1		----	-
Money Initial	84.1		----	-
Special Market Initial	93.9		-1.2	-
Japan Equity Initial	75.4		+1.0	-
North American Initial	61.5		-0.1	-
Pacific Initial	59.6		-0.3	-
Technology Initial	86.7		-0.3	-
Nat Resources Initial	43.6		+0.1	-
European Initial	82.2		-0.8	-
Residential Prop Init.	93.8		----	-
Swiss Equities Initial	29.4		-0.3	-
Hong Kong Initial	43.2		-0.4	-
UK High Inc Eq Init.	57.1		-0.3	-
Int Fixed Interest Init.	49.5		----	-
Int Managed Init.	49.1		-0.2	-
HIP Managed Init.	95.2		-0.2	-
HIP Managed II Initial	84.1		-0.5	-
Broker Funds				
High Performance	60.9	64.2	----	-
Towerhill Mngd Fd Acc.	31.6	33.3	-0.1	-
YRA Executive Fd.	83.1	87.6	----	-
E Global Growth Acc.	110.0	116.0	-0.7	-
& High Income Money Acc.	132.4	139.6	----	-
IM Balanced		46.2	-0.1	-
H.F. Speculator Fd		114.3	-0.9	-
PEP Acorn II		102.5	-0.5	-
PEP Cautionary		66.9	----	-
AAFS Int Man Fund		106.4	-0.5	-
Andrews-Green Inv Port		76.1	-0.5	-
Individual Pension Funds				
UK Equity Acc.	200.6	211.7	-0.1	-
UK Fixed Interest Acc.	195.2	206.0	-0.9	-
Intl Equities Acc.	191.0	201.5	-1.3	-
UK Managed Acc.	163.3	172.2	-0.3	-
Property Acc.	209.1	220.6	-0.1	-
Money Acc.	149.8	158.1	+0.1	-
Special Market Acc.	188.9	199.3	-2.7	-
Japan Equity Acc.	153.1	161.5	+2.2	-
North American Acc.	96.7	102.1	-0.1	-
Pacific Acc.	142.6	150.5	-0.6	-
Technology Acc.	141.2	149.0	-0.6	-
Natural Resources Acc.	85.3	90.0	+0.2	-
European Acc.	104.5	110.3	-1.2	-
Residential Prop Acc.	103.4	109.1	[illegible]	-

Skandia Life Assurance Co Ltd – Contd.

Sun Alliance Group – Contd.

Windsor Life Assur Co Ltd

Sun Alliance International Life

J. D. Ward Financial Services Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	182.1	191.7	-0.6	-
Target Mngd Pension	110.9	116.8	-0.6	-
Albany Life Acc.	164.4	173.0	-0.5	-
Albany Pens Acc.	203.1	213.7	-0.7	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
Dantrust Management (Guernsey) Ltd				
Dantrust Limited	DKr115.6	115.81	..	–
Figart-Connell Fund Mngrs (Guernsey) Ltd				
Hauteville G & B Fd	SFr7.81	7.87	–	2.62
John Govett Mngmnt International Ltd				
Govett High Inc Gilt	£0.3490	0.3718	-0.0005	13.18
Govett Far East Inc	$0.890	0.951	+0.004	–
Energy & Resources	$0.670	0.716	+0.005	–
Hambros Fund Managers (CI) Ltd				
Japanete OTC	$9.2454	9.8327	.....	–
Havelet Throgmorton Mngmt Ltd				
Intl Inv-Stlg High Inc	£9.985	10.560	+0.005	10.09
Intl Inv-Intl High Inc	$48.856	51.439	+0.093	5.54
Henderson Admin. (Guernsey)				
Inv Bs Prptlo	£0.908	–		–
Balanced Grth $ Prtflo	$1.804	1.944	+0.001	–
Balanced Grth £ Prtflo	£1.035	1.111	-0.001	–
Select Mkts $ Prtflo	$1.824	1.973	+0.003	–
Inc & Gwth $ Prtflo	$1.668	1.765	-0.003	–
High Income £ Prtflo	£0.597	0.634	+0.001	–
Hill Samuel Fd. Mngrs. (Guernsey) Ltd				
Guernsey Tst	63.35	67.76	-0.48	2.86
Kleinwort Benson Intl Fd Mngrs Ltd				
KB Int.Ac Bd Acc*	£8.655	9.115	+0.043	–
KB Japan Fund		$231.44	–	–
KB Sterling Asset	£29.37	29.37	..	–
*Offer price inclusive of maximum preliminary charge				
Kleinwort Benson Islamic Fd Mgmt Ltd				
Islamic Fund	$5.75	6.15	–	0.50
Lazard Fund Managers (CI) Ltd				
Lazard Cap Grth Bond	$287.98	298.74	+9.82	8.00
Lazard Cur Acc Fd £	£18.64	18.65	+0.05	13.7
Lazard Cur Acc Fd US$	$14.62	14.63	+0.02	7.2
Lazard Cur Acc Fd Y	Y3,800	3,810		6.75
Lazard Cur Acc Fd DM	DM51.25	51.26	+0.07	7.2
Lazard Cur Acc Fd SF	SFr37.01	37.02	+0.05	6.7
Lazard Cur Acc Fd FF	FFr157.76	157.77	+0.27	8.6
Lazard Cur Acc Fd Man	$15.49	16.27	-0.04	–
Lazard D'fied Bnd (Inc)	$19.15	20.19	...	8.48
Lazard D'fied Bnd (Acc)	$24.57	25.90	...	–
Lazard European Fund	$45.79	48.53	...	1.0
Lazard Far East	$53.27	56.69	...	–
Lazard Global Equity	$25.57	27.19	...	–
Lazard Int Inc $ (Inc)	$1003.35	1059.07	.	7.874
Lazard Int $ Inc (Acc)	$2336.67	2463.65	.	–
Lazard Int Inc £ (Inc)	£8.87	9.36	...	11.041
Lazard Int Inc £ (Acc)	£11.84	12.47	...	–
Lazard Japan Fund	$54.52	58.29	+0.48	–
Lazard Nth Am	$18.07	19.21		1.0
Lazard Sel Port £ Cap	£11.84	12.74	-0.42	–
Lazard Sel Port £ Inc	£9.14	9.63	-0.13	12.1
Lazard Sel Port $ Cap	$12.52	13.48	-0.06	–
Lazard Sel Port $ Inc	$8.63	9.09	+0.02	7.6
M & G (Guernsey)				
Island Global Fd	829.6	882.6	-6.8	0.54
Merrill Lynch Int Capital Mngt (Gsy) Ltd				
Bangkok NAV Oct 31		$62.36	---	–
Iberia Portfolio NAV		$9.95	---	–
NM Financial Mgmt Intl Ltd				
Mngd. Currency	£6.106	6.416	+0.042	5.86
NM Portfolio Selection Fund Ltd				
Conscience	£0.800	0.851	-0.006	1.80
Far East Grth	$1.175	1.249	+0.007	0.00
Smaller Co's	£0.722	0.768	-0.006	1.50
Special Sits	£0.584	0.619	+0.027	3.12
Intl Bond	$0.893	0.950	+0.010	9.68
American Fund	$1.773	1.886	+0.018	2.80
American Smaller Cos	$0.980	1.042	-0.004	0.00
Australian Fund	£1.212	1.289	-0.030	2.42
British Fund	£1.282	1.363	-0.011	8.16
European Fund	£1.874	1.993	-0.003	1.08

	Bid Price	Offer Price	+ or -	Yield Gross
Sarasin (Isle of Man) Ltd				
Fergus Fd Oct 26		£12.06	----	–
UK Trend Oct 26		£8.37		–
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£7.72	8.34	--	–
Fleet Street Inv Fd	£7.07	7.52	..	–
Offshore Income Fd Ltd	£8.83	9.20	..	–
Fenton Hume Wrnt	£8.75	9.18	..	–
Tattersall Intl Assets	£6.38	6.57	..	–
LFM Sterling Fd	£9.58	9.99	..	–
Tyndall International (Isle of Man) Ltd				
N I Gilt/Building (Accum Shares)	100.5 / 160.1	168.2	-0.40	–
Unibank Scandinavian Fund Ltd				
Scandinavia Fd	163.88	174.39	–	1.0

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	[illegible]	0.726	0.777	[illegible]	2.5
Global Income (Inc)	5¼	[illegible]	0.400	0.420	[illegible]	4.6
Global Resources R	5¼	[illegible]	0.320	0.343	[illegible]	1.3
Currency Fund						
Stlg Prem-um Income R		[illegible]	10.21	10.2		12.9
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, Capital Hse, Bath St, St Helier, Jersey						
Tel 0534 74689 (Dealing) 0534 75639 (Helpline) Telex 4192136						
Facsimile 0534 79040						
Capital House International Growth Funds Ltd						
Equities: UK Equity; North American; Japanese; Pacific Basin; Continental European; Gold			[illegible]	[illegible]	[illegible]	–

Further entries in this column (Bonds, Currencies, Managed; Gartmore Fund Managers International Ltd; John Govett (Channel Islands) Ltd; Hill Samuel Fund Mgrs (Jsy) Ltd; Lloyds Bank (CI) U/T Mgrs; Midland Bank Fund Managers (Jersey) Ltd; MIM Britannia International (Jersey) Ltd; Royal Trust Jsy Fd Mngt Ltd; TSB Trust Funds (CI); Barclays Intl Funds; Brown Shipley Fund Mgmt (CI) Ltd; CIBC Fund Mgmt; EBC Trust Company (Jersey) Ltd; Fidelity Investment (CI) Ltd; Fleming Group; Foreign & Colonial Mngmt (Jersey) Ltd; John Govett Management (Jersey) Ltd; Hill Samuel Investment Services Intl; Midland Bank Fund Managers; MIM Britannia International Limited) [illegible]

JERSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
GW Investment Mngmt Ltd				
GW Guaranteed Futures Ltd-Ser I NAV July 31 US$9.13				
Gaia Currency Funds				
Gaia Hedge I	$129.98	130.40	..	–
Gaia Hedge II	[illegible]	384.37	..	–
Gaia Hedge III	$114.25	117.52	..	–
Gaia Gtd Crrncy	$86.70	–	..	–
GAM Fund Management Ltd (u)				
GAM Universal 35 Dlr Acc		$105.74	-2.96	–
GAM Universal 35 Dlr Inc		$105.74	-2.96	–
GAM Universal DM Acc		DM103.03	-2.51	–
GAM Universal DM Inc		DM103.05	-2.51	–
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio		0.98	..	11.98
Income Portfolio		[illegible]	..	3.00

	Bid Price	Offer Price	+ or -	Yield Gross
Nomura Warrant Fund 1990 Ltd – Contd.				
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr261.0	282.0	..	–
Low Risk Fund	DKr222.0	223.0	..	–
High Perf Fund	DKr259.0	270.0	..	–
Bond Fund	DKr163.0	164.0	..	–
Second Low Risk Fd	DKr176.0	177.0	..	–
Second High Perf Fd	DKr208.0	209.0	..	–
Mixed Intl Fd	DKr143.0	144.0	..	–
Invest Fd (Cayman)	DKr127.0	128.0	..	–
High Perf Fd (Cayman)	DKr136.0	137.0	..	–
Bond Fd (Cayman)	DKr135.0	136.0	..	–
Mixed Fd (Cayman)	DKr114.0	115.0	..	–
High Security Fd	DKr144.0	145.0	..	–
High Income Fd	£11.1	11.2	..	–
Dollar Growth Fd	$1.15	1.16	..	–
Dollar Income Fd	$1.16	1.17	..	–
North Star International Currency Fund				
US Dollars	$12.2	12.3	—	–

MANAGED FUNDS NOTES [illegible]

WORLD STOCK MARKETS

US MARKETS (3pm)

November 2	US$	+ or -
C&S/Sovran Corp	15¼	+¼
CBI Industries	35½	+⅝
CBS	157¼	+1⅞
CMS Energy	26¼	—
CNA Financial	54¼	+3
CPC International	76½	+1
CSX	28⅛	+1⅛
Cabot	28½	+½
Campbell Soup	49¾	+½
Can Pacific	15⅜	+⅛
Cap Cities ABC	391⅞	+1
Capital Hldgs.	28⅞	+1⅞
Carlisle Cos. Inc.	27⅛	+⅛
Carolina Power	45½	+⅜
Carpenter Tech	37⅜	—
Carter Hawley	2¼	—
Castle & Cooke	29⅞	+1¼
Caterpillar	41⅝	+1¼
Centel	25⅛	+½
Centerior Energy	17½	+⅛
Centex	20	—
Central & S.W.	43½	−⅝
Cetus	5⅞	—
Champ Intl	24⅛	+⅛
Charming Shoppes	8¼	+¼
Chase Manhattan	10½	+½
Chemical Bkg. Corp.	11	+⅛
Chevron	69⅞	+⅝
Chiquita Brands	29½	−⅞
Chris-Craft	26⅞	+⅝
Chrysler	11	−⅛
Chubb	43⅛	+2¼
Cigna	36⅞	+1½
Cincinnati Mil	9⅛	—
Citicorp	12	+⅛
Clark Equipment	23⅛	+½
Clev. Cliffs Inc.	21⅛	+⅛
Clorox	33⅝	+⅝
Coastal Corp	37	+½
Coca Cola	45	−⅛
Coca Cola Ent.	13⅞	+⅛
Colgate Palm	67⅞	+⅝
Columbia Gas	53½	−⅜
Comcast Cp A	9¼	+⅛
Commerce Cl Hse	40	−1
Commonw'th Ed	33¼	−⅛
Comm Satellite	22¼	—
Compaq Computer	46¼	−⅝
Comp Science	43⅛	+⅛
Conagra	33⅞	−⅛
Cons Edison	23⅞	+⅛
Cons Freight	13⅛	+⅛
Cos Nat Gas	50½	+⅝
Cons. Paper	30⅜	+½
Cons. Rail	33⅞	+⅜

November 2	US$	+ or -
GTE Corp.	29½	+⅝
Gallagher (A.J.)	20⅞	—
Gannett	31⅝	+⅜
Gap Inc. Del.	26⅛	+1⅛
Gencorp	6⅞	—
Gen Am Invest	17⅛	+⅛
Gen Cinema	18½	−⅛
Gen Dynamics	23⅞	—
Gen Electric	52⅝	—
Gen Mills	85½	+1
Gen Motors	37⅞	+½
Do E	33⅛	−⅜
Do H	17⅞	−⅛
Gen Pub Utilities	44⅛	+⅜
Gen Reinsurance	80½	+2
Gen Signal	35⅞	+¼
Genuine Parts	35⅞	+⅛
Georgia Pac	31½	+⅜
Gerber Prod	53⅞	+⅝
Gillette	58⅜	+⅛
Golden West	19⅛	+⅝
Goodrich (B.F.)	34	+⅜
Goodyear Tire	14⅛	−⅜
Grace (W. & R.)	20⅞	−⅛
Grainger (W.W.)	55½	+⅜
Gt.Atl Pac Tea	43	+¼
Gt West Financial	9⅞	+¼
Greyhound Dial	21⅛	+⅜
Grow Group	8½	+⅛
Grumman	17½	+½
Gulf States Util	9⅝	+⅛
Halliburton	48¼	+2⅜
Hanna (MA) Co.	16½	—
Harcourt Brace	1	—
Harnischfeger	13⅞	+⅝
Harris Corp	16½	+⅝
Harsco	19	+⅛
Hartmax	5⅞	—
Hasbro	13⅛	−⅛
Hecla Mining	7⅛	—
Heinz (HJ)	32⅛	−⅛
Helmerick & P	26½	+½
Hercules	27⅞	+⅜
Hershey Foods	34⅜	+¼
Hewlett Pkd	27¼	+⅛
Hilton Hotels	30⅛	+¼
Hitachi	91¼	+2
Home Depot	30¼	+1⅛
Homestake	18	−⅜
Honeywell	87¼	+2
Hormel (Geo)	15	+⅛
Household Int.	23⅛	+½
Houston Inds	36⅛	—
Humana	41	+½

November 2	US$	+ or -
Nalco Chemical	47⅝	+1⅛
Nashua Corp	35½	+1⅛
Nat City Corp	25⅞	+1⅛
Nat. Intergroup	11⅝	−½
Nat Medical Ent	35½	+⅜
Nat Semicondtrs	3½	+⅛
Nat Service Ind	25⅞	−⅜
NatWest Bank	28¼	+⅛
Navistar Intl	2⅛	−⅛
NBD Bancorp	30	+1½
NCNB	19½	+1
NCR	48⅞	+⅛
Network Systems	9	−⅛
Neutrogena Corp	15⅛	—
New England Elec.	25⅜	+⅛
NY State E & G	24⅛	+⅛
NY Times	17⅞	−⅛
Newmont Mining	36⅛	−⅛
Niag Mohawk	13	+⅛
Nicor Inc	45⅛	−⅛
Nike B	28⅝	+½
NL Industries	12½	—
Noble Affiliates	17½	+⅛
Nordstrom	19¼	+1⅛
Norfolk South'rn	37⅛	+⅛
N American Coal	23⅛	−⅛
Northeast Util	19⅞	—
Nthn Indiana PS	17⅞	+⅛
Nth State Power	33⅛	—
Northrop	14⅞	−⅛
Norwest Corp	16½	+⅝
Novo Inds ADR	55½	+⅝
Nynex	69⅛	+1⅞
Occidental Pet	20¼	—
Ocean Drilling	16½	—
Ogden	16⅛	−⅛
Ohio Casualty	32½	+1
Ohio Edison	16⅞	+⅛
Olin	30⅞	+1
Omnicom Grp Inc	18⅜	+⅝
Oneok Inc.	15⅝	—
Oryx	42⅞	+⅛
Oshkosh B'gosh A	18½	+⅛
Outboard Marine	9⅞	+⅛
Overseas Ship	13⅝	+½
Owens Corning	13⅞	—
PHH Group Inc	18¼	−⅜
PNC Financial	17⅜	+⅝
PPG Industries	38⅛	—
PSI	15⅞	+⅛
Paccar	27¼	—
Pac Enterprises	36⅜	+⅛
Pac Gas & Elect.	24¼	+⅛

November 2	US$	+ or -
Sony	49½	+½
Southdown Inc	12⅛	−⅛
Southeast Bank	4⅝	—
Southern Co	26¼	+⅜
Sthn.N.Eng.Tel	30	−⅛
Southwest Airlines	16⅝	—
Southwestern Bell	55⅛	+⅜
Spring Inds.	18⅝	+⅜
Square D. Co	44⅝	+2¼
Std.Brds.Paint	6⅛	+⅛
Std.Prods.Co	14	+⅝
Stanley Works	28⅛	+⅜
Storage Technol	15⅛	+⅝
Stratus Computer	18	+½
Sun Company	29⅞	—
Sundstrand	26⅞	+½
Sun Microsystems	16⅝	+⅜
Sunshine Mining	1⅛	−⅛
Suntrust	19⅛	+⅜
Super Valu Stores	24⅛	—
Syntex	55½	+1⅝
Sysco	30⅝	+½
TJX	9⅞	−⅛
TRW Inc	33¼	+½
Tambrands	83⅛	+⅞
Tandem Comp	9⅞	—
Tandy	24½	+⅛
Tektronix	15⅞	+⅛
Telecom Corp.	1⅛	—
Teledyne	14½	−⅛
Temple Inland	26⅞	+⅜
Tenneco	44¼	+1½
Tesoro Petrol	8	+⅛
Texaco	60⅝	+½
Texas Instruments	25½	+1⅛
Texas Utilities	38⅛	+¼
Textron	23⅞	+⅞
Thiokol	11⅞	−⅛
Thomas Betts	45	+1¼
Tidewater	17½	+⅜
Time Warner	72⅛	+2
Times Mirror	22⅛	−⅛
Timken	22½	+⅞
Tonka Corp	4⅞	−⅛
Torchmark	43⅞	+⅝
Tosco	16⅝	+¼
Total Petrol	20⅛	—
Toys R US	22⅝	+⅛
Transamerica	27¼	+1⅛
Transco Energy	39⅛	+⅛
Travelers	13⅛	+⅞
Tribune	33⅛	−1
Tri Continental	22	+⅛
Trinity Inc Del	16⅛	—
TRINOVA Corp	15	−⅛
Triton Energy	6	+1⅛
Tyco Labs.	37⅛	−⅛

CANADA (3pm)

November 2	Can. $	+ or -
Echo Bay Mines	13⅛	−⅛
Fed.Inds.A	8⅝	−⅛
Gendis Inds.A	19⅛	—
Giant Y'knife	5½	+½
Gulf Canada Res	13½	−⅞
Hawker Sid Can	21	—
Hees Intl	14⅛	+⅛
Hollinger Inc	11⅛	−⅛
Horsham Corp	8⅛	—
Hudson's Bay	17⅛	—
Imasco	25⅞	−⅞
Imperial Oil A	62⅞	−⅛
Inco	28⅛	—
Interhome Energy	48	+⅛
Labatt	21⅛	−⅛
Lac Minerals	8⅞	−⅛
Laidlaw Trans. B	20⅛	+⅛
Laurentian Gp	5⅝	—
Lawson Mardon A	8⅛	—
Loblaw	16⅞	−⅛
Macmillan Bloedel	15½	+⅛
Magna Intl	2⅛	—
Metall Mining	11⅞	—
Mitel Corporation	1.75	+0.02
Molson Cl A	31	−⅛
Moore Corp	26⅛	—
Nat. Bk of Canada	7⅛	+⅛
Nat Sea Products	4⅝	+⅛
Noranda Mines	14¼	+⅛
Norcen Energy	25½	—
Northern Telecom	30⅝	+⅛
Nova	8	—
Numac Oil	6⅛	—
Pan Can Pet	30½	—
Placer Dome	17¼	−⅛
Power Corp	14⅞	—
Provigo	9⅛	—
Ranger Oil	8.62	−0.12
Reed Stenh'se	21½	+⅛
Repap Ent	5½	−⅛
Royal Bank	20⅛	−⅛
Royal Trust	8⅞	—
Sceptre Res	4.05	−0.05
Seagram	92¼	+1¼
Sears Can Inc	10⅛	—
Shell Canada A	37	+⅛
SHL Systemhouse	6⅝	−⅛
Southam	17½	−⅛
Stelco	11⅛	+½
Teck B	21⅞	+⅛
Thomson Corp	13⅞	+⅛
Toronto Dom Bk	15⅛	−⅛
Transalta	12	—
Trans Can Pipe	16.25	—
Trilon Cp A	11.75	−0.12
Trizec A	10.25	−0.25
Utd Dominion	9⅞	−⅛
Varity Corp	2.30	+0.10
Westcoast Energy	21⅞	—
Weston (Geo)	38⅞	−⅛

[The remaining stock tables on this page (US Markets A–Z in other columns, Canada A–E, Austria, Belgium/Luxembourg, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, South Africa, Australia, Hong Kong, Malaysia, Singapore, Japan) are illegible at this scan resolution.]

INDICES

NEW YORK

DOW JONES	Nov. 1	Oct. 31	Oct. 30	Oct. 29	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2454.95	2442.33	2448.02	2430.20	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	88.84	88.85	88.94	88.96	93.04 (3/1)	88.44 (24/9)	—	—
Transport	831.92	822.30	825.07	827.11	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	215.61	213.28	210.95	208.38	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2473.02 (2475.99) Low 2415.59 (2419.55)

STANDARD AND POOR'S	Nov. 1	Oct. 31	Oct. 30	Oct. 29	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	307.02	304.00	304.06	301.88	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	359.80	356.82	357.63	355.45	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	19.40	18.99	18.97	18.80	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	167.59	166.17	166.08	165.24	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	288.90	287.79	288.07	288.79	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	330.61	329.84	329.83	330.80	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct. 26	Oct. 19	Oct. 12	year ago (approx.)
Dow Industrial Div. Yield	4.17	4.03	4.23	3.97

	Oct. 31	Oct. 24	Oct. 17	year ago (approx.)
S & P Industrial div. yield	3.54	3.42	3.59	2.97
S & P Ind. P/E ratio	14.43	14.86	14.15	14.25

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Ford Motor	2,410,000	27⅛	−⅛
Philip Morris	2,329,500	47⅞	+⅛
Fannie Mae	2,252,700	28⅛	+¼
Chase Mnhtn.	2,127,000	10	—
Schering Pl.	2,019,900	43	−⅛
Citicorp	1,852,900	11⅞	+⅛
Humana	1,715,600	40½	−1⅛
Bristol Myers	1,662,900	59⅛	+⅛
Unisys	1,610,700	2⅞	+⅛
Gen. Electric	1,501,200	52⅛	+⅛

TRADING ACTIVITY

† Volume (Millions)	Nov. 1	Oct. 31	Oct. 30
New York	159.270	156.060	153.450
Amer	10.911	8.875	10.622
NASDAQ	107.955	118.782	109.007
Issues Traded	1,982	1,952	1,952
Rises	889	744	663
Falls	612	736	821
Unchanged	481	472	468
New Highs	8	9	4
New Lows	137	133	206

CANADA

TORONTO	Nov. 1	Oct. 31	Oct. 30	Oct. 29	1990 HIGH	1990 LOW
Metals & Minerals	2612.30	2606.99	2635.14	2635.71	3453.05 (4/1)	2588.00 (16/10)
Composite	3085.00	3081.26	3083.89	3083.35	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1644.12	1640.20	1645.69	1643.73	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50, Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 2	Nov. 1	Oct. 31	Oct. 30	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1291.2	1303.0	1327.2	1329.1	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	627.2	628.6	639.2	636.7	860.8 (5/1)	627.2 (2/11)
AUSTRIA						
Credit Aktien (30/12/84)	446.02	(c)	448.30	458.62	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	(c)	(c)	5205.78	5198.94	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	343.73	344.31	345.92	345.33	388.29 (20/7)	331.41 (27/9)
FINLAND						
Unitas General (1975)	412.4	409.5	413.2	407.0	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	430.45	(c)	428.11	429.70	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1634.80	(c)	1645.57	1613.59	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	615.90	617.05	622.09	624.13	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1749.3	1750.4	1765.8	1770.5	2414.8 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1414.32	1417.26	1433.82	1431.14	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	2978.92	2968.74	2990.96	3011.65	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1296.36	1303.29	1306.48	1301.24	1893.10 (22/1)	1207.47 (1/10)
ITALY						
Banca Com. Ital. (1972)	555.09	(c)	560.54	563.70	763.52 (14/6)	552.69 (17/10)
JAPAN						
Nikkei (16/5/49)	24194.99	24295.16	25194.10	25292.40	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1786.38	1794.79	1856.12	1865.24	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	3235.04	3277.79	3343.58	3344.75	4477.16 (16/7)	2859.49 (1/10)
MALAYSIA						
KLSE Composite (4/4/86)	479.90	480.46	491.71	497.90	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	229.8	229.2	232.5	231.4	271.9 (20/7)	228.2 (28/9)
CBS All Shr (End 1983)	168.7	168.3	170.7	169.9	206.3 (3/1)	167.6 (28/9)
NORWAY						
Oslo SE (Ind) (2/1/83)	725.20	730.14	740.41	743.07	915.13 (2/8)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	599.74	(c)	609.85	596.65	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	315.07	315.29	319.60	324.21	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1388.0	1398.0	1429.0	1396.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2694.0	2695.0	2710.0	2703.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	709.96	717.47	690.16	711.49	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	228.50	(c)	232.12	232.53	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	(c)	892.1	900.4	906.2	1329.9 (5/7)	892.1 (1/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	646.5	641.7	648.5	648.1	845.5 (13/7)	613.4 (28/9)
TAIWAN**						
Weighted Price (30/6/66)	3132.86	3139.88	(c)	3318.53	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	667.43	653.21	649.37	673.85	1143.78 (25/7)	613.95 (25/9)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	458.1*	456.2	461.6	461.6	571.0 (4/1)	423.1 (28/9)

**Saturday October 27: Taiwan Weighted Price 3100.22 Korea Comp Ex 733.05

‡ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dividend-related trade and banks lift Dow

Wall Street

SLIDING oil prices, heavy dividend-related trading and a resurgence in bank issues led equities broadly higher yesterday morning, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was up 30.45 at 2,485.40, on fairly heavy volume. Advancing issues led declines by a ratio of five to two. On Thursday, the Dow added 12.62 to 2,454.95.

The stock market received some support from falling oil prices. At midsession, the December crude oil contract was down 77 cents at $34.40.

Dividend-related trading also helped the morning rally. Texaco gained $¾ to $80½. The company pays an 80 cent dividend to holders of record on November 9. The stock will trade ex dividend on Monday.

American Electric Power, which will also pay a dividend to holders of record on November 9 and will trade ex dividend on Monday, rose $⅝ to $29. Wisconsin Energy, which will pay a 44 cent quarterly dividend on November 7, gained $⅛ to $30⅝.

Arco Chemical slipped $⅛ to $30⅞. The company paid a 62.5 cent quarterly dividend yesterday.

Bank and financial service issues posted gains yesterday morning as news of weak employment figures encouraged hopes that the Federal Reserve would cut interest rates again. JP Morgan added $1 to $39, Citicorp rose $¼ to $12⅞ and Bankers Trust New York improved $2 to $34. On Monday, the Fed's perceived target for Fed Funds, the rate at which banks lend to each other, was reduced to 7¾ per cent from 8 per cent.

In the regional bank sector, Banc One climbed $1⅛ to $22½ and First Wachovia improved $1⅛ to $36¼. Fleet-Norstar Financial, one of the better-positioned New England banking companies, rose $⅛ to $10⅝.

In the secondary market, the NASDAQ composite added 3.87 to 334.47 at midsession, with the gains led by technology issues. Microsoft added $1¼ to $64¾, Apple Computer was up $1⅛ at $31⅛ and Intel gained $⅝ to $34¼.

Seagate Technology, which makes disc drives, firmed $⅝ to $8 on reports that the company will introduce smaller disc drive products on Monday.

Vicorp Restaurants recouped some of Thursday's losses, jumping $3 to $9¼ after plunging $6⅝ a day earlier when the company reported that internal irregularities would reduce its earnings for 1990, and that it might have to restate some of its previously reported results.

On the American Stock Exchange, Continental Airlines Holding slid $¼ to $2⅞ on reports that General Motors' Electronic Data Systems unit had cancelled talks on a proposed $4bn agreement with the parent of Continental Air.

Canada

WEAKNESS in gold and oil shares kept Toronto stocks from tagging on to the rally in New York. The composite index lost 4.7 to 3,080.3 on volume of 10.86m shares. Declines led advances by 175 to 168.

Molson class A shares fell C$⅝ to C$31. The company's quarterly earnings fell to C$1.08 a share from C$2.92.

Alcan was flat at C$22 in spite of a drop in aluminium prices to a three-month low.

ASIA PACIFIC

Late buying helps cut Nikkei's loss

Tokyo

ALTHOUGH equities continued their downward trend yesterday, with the Nikkei average finishing lower for the fourth consecutive day, heavy early losses were largely recouped on late buying. As the yen strengthened towards the close, bond prices also rose, triggering buying by dealers, *writes Emiko Terazono in Tokyo.*

The Nikkei closed at 24,194.99, down 100.17 from the previous day and 3.3 per cent on the week, after reaching a day's low of 23,671.98 at one stage. The high was 24,194.99. Trading volume remained thin at 320m shares, with institutional investors staying on the sidelines.

Declines led rises by 624 to 312 with 131 issues unchanged. The Topix index of all first section stocks fell 8.41 to 1,786.38. In London, the ISE/Nikkei 50 index fell 1.25 to 1,345.75.

Activity in Tokyo was also affected by concern about the outcome of a by-election for the national Diet (parliament) in Aichi prefecture tomorrow. The by-election is seen as a minor referendum on the government's unpopular plan to send troops to the Gulf, and some believe Prime Minister Toshiki Kaifu may be forced to resign if his party does poorly in the election.

Mr Daniel Kerrigan at County Natwest said: "People are trading on technical factors due to the lack of changes in fundamentals. However, the rebound at 23,600 [on the Nikkei] shows that there is psychological support at that level."

Atsugi Nylon Industrial, Japan's leading tights maker, was the most actively traded stock for the second day in a row. It declined Y20 to Y1,260 on volume of 5.9m shares. Interest has focused on the share because the company announced a one-for-five scrip issue on Wednesday. Other clothing shares, such as Renown and Onward Kashiyama, have also been popular in anticipation of continued strong consumer spending.

Steels were hit in early trading, along with other large-capital issues, but rebounded in the afternoon. Kobe Steel was up Y5 at Y522 and Nippon Steel Y14 higher at Y450. Pharmaceuticals also regained the previous day's losses: Yamanouchi Pharmaceutical was up Y40 at Y2,840.

Automobiles ended easier in afternoon trading because of the decline in new cars sales, with Toyota down Y40 at Y1,800, Honda off Y30 at Y1,350 and Nissan falling Y4 to Y772.

Real estate and housing issues were lower on small-lot selling, on news of Finance Minister Ryutaro Hashimoto's threat to tighten loan regulations to real estate businesses. Mitsui Real Estate fell Y40 to Y1,250 and Mitsubishi Estate was down Y40 at Y1,200.

In Osaka, share prices also fell on small-lot selling. The OSE index fell 345.69 to 27,829.67 on volume of 28.2m shares against Thursday's 32.3m.

Roundup

DEBT-LADEN companies continued to depress the Australian market yesterday. Other markets were lower, with the exception of Hong Kong, which attracted bargain-hunters.

AUSTRALIA was dragged to another year's low as Adsteam plunged another 46 cents, or 43 per cent, to 60 cents in active trading, on persistent fears about the trading and investment group's high level of debt. The All Ordinaries index fell below the 1,300 mark to 1,291.2, down 11.8 on the day and 4.7 per cent on the week.

News of a lower, but still larger-than-expected, current account deficit in September added to the nervousness. Turnover rose to A$181m from Thursday's A$177m.

Among Adsteam associates, Petersville Sleigh, the shipping company, was 40 cents lower at 80 cents, Tooth and Co, the hotel and food group, lost A$1.60 to A$2.40 and National Consolidated shed 40 cents to 55 cents. But Howard Smith, the shipping, distribution and engineering company which is being offered for sale by tender, rose 15 cents to A$3.85.

National Australia Bank, one of Adsteam's major lenders, dropped 16 cents to A$5.56.

HONG KONG rose on bargain-hunting, with the Hang Seng index gaining 10.18 to 2,978.92, although it declined 2.4 per cent on the week. Turnover shrank to HK$670m from the previous day's HK$717m.

The market ended off its highs as Hongkong and Shanghai Banking fell another 10 cents before recovering to close unchanged at HK$4.70 in the day's most active trading.

SEOUL failed to hang on to Thursday's gains. The composite index fell 7.51 to 709.96, down 3.4 per cent on the week, on volume of Won351.4bn. Prices opened higher, led by financials, but fell back later in the day on economic and political concerns.

TAIWAN finished lower on fears of war in the Gulf. The weighted index dropped 37.02 to 3,102.86, down 9.2 per cent on the week. Volume rose to T$26.2bn from T$25.2bn.

MANILA, which was closed on Thursday, eased in thin trading, following an 8.73 per cent drop of the peso against the dollar. The composite index fell 10.11 to 599.74, a loss of 2.7 per cent on the week.

SINGAPORE ended mixed in light trading, with the Straits Times Industrial index down 2.58 at 1,131.10, a fall over the week of 3.7 per cent.

Wellington sticks at six-year low

By Dai Hayward

THE NEW Zealand stock market dropped to its third successive six-year low yesterday, with the Barclays index falling 16.73 to 1,300.12, its lowest level since November 1984. The loss on the week was 7.7 per cent.

Offshore selling and growing nervousness about corporate prospects pulled most leading stocks lower in a market that has been weak for several months.

Brierley Investments dropped 5 cents to NZ$1.19, after falling 5 cents on Thursday, on worries about its ability to meet the debt requirement for its takeover of Mount Charlotte, the UK hotel group. It was the most traded stock again, with more than 1.5m shares exchanged.

The defeat of the Labour Government last Saturday and the swearing in of the new National Government yesterday have made little impact.

SOUTH AFRICA

JOHANNESBURG drifted aimlessly in the absence of any fresh factors. The JSE all-gold index closed 10 lower at 1,388 while the industrial index was virtually unmoved at 2,694 versus 2,695. The all-share index slipped 6 to 2,635.

Rising crude prices put spotlight on oil stocks

Deborah Hargreaves on prospects for the sector after its outperformance in the last three months

WITH THE defensive stance adopted by investors amid the current uncertainty on the world's stock markets, shares in oil companies are increasing in popularity. Most investment analysts are recommending that investors adopt a slightly overweight position in the oil sector to gain exposure to rising oil prices.

While the oil price remains extremely volatile, dropping back since it soared to more than $40 a barrel in the immediate aftermath of Iraq's invasion of Kuwait at the start of August, most observers do not expect it to drop below $30 a barrel before April. If the tension in the Gulf results in a war, oil prices could go much higher.

For this reason, most oil companies have seen their share prices outperform the stock markets in the last three months, although they have slipped back in the past four weeks as the initial feverish buying has calmed down.

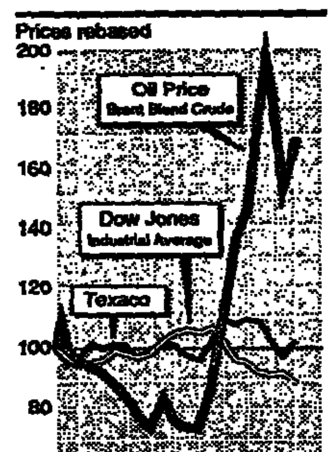
Mr Eugene Nowak, director of the energy group at Dean Witter Reynolds in New York, believes that US oil stocks represent excellent value, now that the premium they offered to the market has been eroded and investors have a chance to pick up high-yielding stocks at attractive prices.

"We continue to be cautious and selective," Mr Nowak explains but, although Dean Witter has just recommended that its institutional clients cut the equity weighting of a balanced portfolio from 60 to 50 per cent, it has also added Exxon to its list of recommended stocks.

With a current price of just under $50 a share, Exxon has outperformed the Dow Jones Industrial Average by 10.6 per cent in the past three months and by 19.3 per cent over the last year. The company has managed to put the financial cost of the Exxon Valdez disaster mostly behind it and is gradually recovering from the public relations damage. The company offers a yield of 5.5 per cent and has just raised its dividend.

Investors looking to benefit from a rising oil price should consider either fully integrated oil producers or those with a direct exposure to oil production. Refiners are currently operating on narrow margins, and most companies with interests in the chemical industry is suffering from a cyclical downturn in revenues.

In Europe, Norway's Norsk Hydro probably offers the most highly geared play on the oil price, says Ms Carol Bell, oil analyst at Crédit Suisse First Boston in London. Norsk owns 10 per cent of Norway's oil reserves and has a massive untapped exploratory area.



The company is set to double its oil output of 95,000 barrels a day this year, and its production is not expected to reach a plateau until 1994-1995. This compares with growth of 4 per cent a year in Royal Dutch/Shell's production and a flat outlook for BP.

Ms Bell estimates that for every dollar that is added to the price of oil, Norsk Hydro sees an 8 per cent increase in its earnings. In addition, the company has diversified into aluminium, petrochemicals and fertiliser production, which add to the stability of its revenues. It also has significant reserves of natural gas, which could serve it well as Europe moves to cleaner fuel.

Norsk's current stock price has dropped back to NKr210 ($38) after soaring to a high of NKr233 immediately after the Iraqi invasion of Kuwait. It began the year at NKr155. While the share price is likely to remain volatile, it has not yet matured, and analysts believe its underlying trend will continue to be upwards.

Elf Aquitaine of France is another European company that stands to gain from higher oil prices. While oil accounts for 55 to 60 per cent of Elf's earnings, its production profile is heavier than its involvement in refining. Each extra dollar added to the oil price is estimated to add 5 per cent to Elf's revenues. Its share price has outperformed the Paris market by 56 per cent this year.

The downside on Elf, however, is its exposure to the chemicals industry, which is performing poorly.

Even if the Gulf crisis is resolved peacefully and oil prices drift down towards $20 per barrel, oil companies could still offer good investment prospects over the long term.

Mr Nowak is forecasting growth of 8-10 per cent a year in US oil companies' earnings per share. Many US integrated producers have completed restructuring programmes and have strong balance sheets and good cash flow. Significantly, most are looking at increasing their dividend payments.

Mr Nowak tips Texaco as a strong performer, now that it has left Chapter 11 and its current management is forging an aggressive path ahead. The company has reduced its debt to equity ratio to 40 per cent, has just raised the dividend, and is proving more responsive to shareholders. In addition, it has good exploratory prospects. Texaco has outperformed the Wall Street market by 26 per cent this year.

From a portfolio manager's point of view, Mr Nowak suggests that US oil stocks over the short term will not be the best bet, as managers may want to free up cash to take advantage of a possible upturn in other sectors of the economy. But over the long term, a portfolio could do well to be overweight in oil, he believes.

EUROPE

Eurotunnel falls 8% on rights issue details

THE TERMS of Eurotunnel's rights issue was one of the few items of news to provoke activity yesterday. Most bourses were very quiet after Thursday's All Saints' Day holiday, and Brussels remained closed, *writes Our Markets Staff.*

PARIS was unpleasantly surprised by the terms of Eurotunnel's rights issue, and encouraged by results from Perrier, but there was little trading overall as French investors stretched Thursday's holiday into a long weekend.

Turnover fell below FFr1bn for the second time in four years, according to one market-maker, reaching only FFr781m by the official close. The other thin session was last Monday, when turnover was slightly more active at FFr974m.

The CAC 40 index lost 10.77 to 1,634.80, recovering from a low of 1,625.79 as Wall Street opened firmly. The index rose 0.4 per cent on the week.

Eurotunnel dropped FFr4.05 or 8.4 per cent to FFr44.45 in the day's biggest volume of 238,600 shares. The company yesterday announced the price of its three-for-five rights issue, setting it at 285p compared with a London market price of 470p on Thursday. The Paris market was surprised by such a deep discount.

Source Perrier, the drinks group, gained FFr46 or 4.2 per cent to FFr1,141, after reaching a high of FFr1,160. The company announced that first-half profits had more than doubled to FFr856m, including an exceptional FFr1bn capital gain from the sale of most of its soft drinks business to Cadbury Schweppes.

One analyst said that investors welcomed the results because the underlying figures seemed to contain no bad news in spite of the contamination scare which hit mineral water sales earlier this year.

FRANKFURT closed lower in very light trading as many large fund managers based in southern Germany, such as Siemens, Allianz and Mercedes, took a long weekend after Thursday's holiday. Volume rose from the previous day's meagre DM2.2bn to a modest DM3.5bn.

The DAX index fell 2.94 to 1,414.32, a loss of 2.9 per cent on the week, while the FAZ index eased 1.15 to 615.9, down 2.6 per cent on the week.

Shares were marked down in the pre-bourse following the Bundesbank's decision on Thursday to raise the Lombard rate. But some dealers said the move underlined the central bank's commitment to keeping inflation under control in the face of rising crude oil prices.

In the banking sector, Deutsche lost DM5 to DM587 and Dresdner fell DM1 to DM375.

AMSTERDAM was pulled off the day's low by position-squaring before the weekend and selective institutional investment. Disappointing corporate reports, higher interest rates and concerns about war in the Gulf had earlier depressed prices. The CBS Tendency index fell to 94.5 before closing unchanged at 94.7, down 2.2 per cent on the week.

Akzo, trading ex a dividend of Fl 1.20, closed Fl 1.20 lower at Fl 68, less than half the level of its year's high of Fl 142 in January, while DSM, which closed at Fl 88.80, down 60 cents, is a third down on its year's high.

MILAN eased in light trading as many players were absent after Thursday's holiday. The Comit index fell 5.45 to 555.09, down 2.6 per cent on the week.

Fears that Italy might follow Germany's lead and put up interest rates depressed the financial sector. Mediobanca fell L330 to L14,670.

STOCKHOLM slipped in thin trading as the market closed early for a half-day holiday before today's All Souls' Day. The Affärsvärlden General index reached a new year's low for the fourth straight day after slipping 3.2 to 888.9, down 5 per cent on the week. Turnover was low at SKr109m.

OSLO also fell to a year's low in nervous trading, with investors taking no comfort from the formation of a new government. The all-share index lost 4.17 to 498.04, a decline on the week of 3.8 per cent, in volume of NKr191m.

MADRID declined, with the general index losing 3.62 to 228.50 – a loss of 3.4 per cent since the previous Friday.

ZURICH was encouraged by Wall Street's firmer opening and edged higher on selective buying of industrial blue chips. The Crédit Suisse index added 1.0 to 480.5.

● The FT-SE Eurotrack 100 index in London fell 1.2 per cent in its first week from its opening level on Monday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 1 1990								WEDNESDAY OCTOBER 31 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (77)	121.19	−1.7	92.07	99.93	94.98	102.75	−1.8	7.50	123.31	94.04	101.29	97.16	104.40	158.31	121.19	149.37
Austria (19)	197.56	−0.3	150.09	162.91	154.84	156.09	+0.0	1.75	198.16	151.13	162.78	156.13	156.09	285.63	178.57	148.20
Belgium (61)	137.83	−0.2	104.72	113.65	108.02	108.22	+0.0	5.45	138.05	105.29	113.39	108.77	108.22	160.02	126.67	138.11
Canada (120)	123.85	+0.5	93.94	101.96	96.91	104.31	+0.3	3.81	123.06	93.85	101.08	96.95	104.04	163.61	121.24	148.92
Denmark (33)	255.65	−0.3	194.22	210.81	200.36	201.06	−0.6	1.46	256.54	195.65	210.73	202.13	202.20	277.62	234.05	211.14
Finland (25)	103.14	+1.6	78.35	85.05	80.83	77.82	+1.1	3.92	101.53	77.43	83.40	80.00	76.97	152.29	98.91	124.48
France (122)	140.66	+0.4	106.86	115.98	110.23	111.48	+0.0	3.69	140.04	106.80	115.02	110.33	111.48	168.86	124.98	132.02
Germany (91)	113.84	−0.2	86.49	93.88	89.22	89.22	−0.7	2.54	114.09	87.01	93.73	89.89	89.89	144.63	101.38	94.98
Hong Kong (46)	120.33	−1.3	91.41	99.22	94.31	120.46	−1.3	5.48	121.93	92.99	100.16	96.07	122.03	147.49	112.24	114.54
Ireland (17)	160.97	+0.5	122.29	132.74	126.16	127.71	+0.1	4.09	160.22	122.19	131.61	126.23	127.58	198.57	139.04	156.76
Italy (91)	85.34	+0.6	64.83	70.37	66.88	71.99	+0.0	3.42	84.87	64.73	69.71	66.87	71.99	109.26	80.87	87.90
Japan (454)	130.84	−3.6	99.41	107.89	102.56	107.89	−3.2	0.79	135.72	103.51	111.48	106.95	111.48	197.26	106.58	185.39
Malaysia (35)	198.52	−2.3	150.82	163.69	155.59	206.51	−2.3	3.03	203.23	154.99	166.93	160.12	211.33	250.89	182.96	194.62
Mexico (13)	551.77	+0.1	419.19	454.98	432.44	1764.57	−0.2	0.39	551.06	420.26	452.66	434.18	1767.73	561.41	324.53	304.58
Netherland (41)	132.53	−0.8	100.69	109.28	103.87	102.77	−1.4	5.23	133.64	101.92	109.78	105.30	104.24	149.09	127.56	124.86
New Zealand (16)	49.44	−1.4	37.56	40.77	38.75	42.83	−1.2	7.86	50.15	38.25	41.20	39.51	43.33	75.36	49.44	76.67
Norway (27)	231.91	−1.4	176.19	191.24	181.76	184.85	−1.6	1.87	235.26	179.42	193.25	185.36	188.24	276.79	202.34	170.73
Singapore (25)	159.12	−2.2	120.89	131.21	124.71	125.50	−2.0	3.41	162.77	124.13	133.70	128.24	128.00	209.24	147.24	156.73
South Africa (60)	164.35	−0.2	124.86	135.52	128.81	133.31	−0.9	4.07	164.61	125.54	135.21	129.69	134.50	251.39	151.50	154.60
Spain (42)	146.66	+0.2	111.42	120.94	114.94	105.33	+0.0	5.27	146.42	111.67	120.28	115.37	105.33	182.25	126.54	159.49
Sweden (27)	170.10	−1.2	129.23	140.27	133.32	141.52	−1.4	2.87	172.25	131.37	141.50	135.72	143.56	234.93	158.07	174.65
Switzerland (68)	89.41	−0.6	67.93	73.73	70.09	70.68	−1.6	3.02	89.96	68.63	73.92	70.91	71.77	109.77	85.00	85.30
United Kingdom (299)	158.62	−0.7	120.51	130.78	124.30	120.51	−1.1	5.77	159.72	121.81	131.19	125.83	121.81	176.18	139.87	138.00
USA (533)	123.63	+1.0	93.93	101.95	96.90	123.63	+1.0	3.99	122.43	93.37	100.57	96.47	122.43	148.95	119.06	137.51
Europe (963)	134.99	−0.3	102.56	111.31	105.80	104.36	−0.8	4.45	135.46	103.31	111.28	106.74	105.18	157.85	124.91	122.24
Nordic (112)	182.32	−0.8	138.51	150.34	142.90	141.51	−1.0	2.14	183.77	140.15	150.96	144.80	142.97	223.29	172.38	166.90
Pacific Basin (655)	129.83	−3.5	98.63	107.06	101.78	107.84	−3.1	1.18	134.48	102.56	110.47	105.96	111.29	192.75	107.82	161.25
Euro – Pacific (1618)	132.28	−2.2	100.50	109.07	103.67	107.16	−2.2	2.54	135.24	103.14	111.08	106.55	109.51	174.18	116.03	157.71
North America (653)	123.55	+1.0	93.86	101.89	96.85	122.38	+0.9	3.97	122.38	93.33	100.54	96.44	121.24	148.43	119.26	138.09
Europe Ex. UK (664)	119.88	−0.1	91.15	98.96	94.06	94.88	−0.6	3.52	120.11	91.60	98.68	94.86	95.22	145.62	109.94	111.61
Pacific Ex. Japan (201)	117.16	−1.6	89.01	96.63	91.83	103.57	−1.5	6.32	119.11	90.84	97.86	93.86	105.18	146.72	117.08	131.52
World Ex. US (1811)	132.55	−2.1	100.70	109.31	103.88	107.75	−2.1	2.59	135.35	103.23	111.19	106.65	110.01	173.77	117.12	157.47
World Ex. UK (2045)	125.49	−1.1	95.34	103.49	98.36	112.02	−1.1	2.72	126.93	96.80	104.27	100.02	113.23	162.00	115.37	150.43
World Ex. So. Af. (2284)	128.21	−1.1	97.41	105.73	100.50	112.69	−1.1	3.05	129.63	98.86	106.49	102.14	113.92	161.84	118.04	148.27
World Ex. Japan (1890)	126.45	+0.3	97.59	105.93	100.69	115.32	+0.1	4.25	128.07	97.67	105.21	100.92	116.19	151.59	124.31	132.18
The World Index (2344)	128.43	−1.1	97.57	105.91	100.88	112.84	−1.1	3.05	129.84	99.02	106.66	102.31	114.06	162.05	118.33	149.30

Latest prices were unavailable for this edition. Markets closed November 1: Austria, Belgium, France, Italy and Spain.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]						

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS – Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS – Contd

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Yld Gr's
[illegible]							

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5.	£9¾	......	Q28%	2.1	8.9	5.3
303	148	ANZ $A1	148	-5	44c	1.4	12.1	5.9
233	172	Abbey National 10p.	210½	+½	5.7	4.3	3.6	8.5
°274	128	Allied Irish Ord	154	......	Q40%	3.3	5.8	7.0
85	47	Anglo Irish	53	......	Q18.7%	2.7	7.9	7.6
93	61	Ansbacher (H.) 1p	63	......	2.5	1.3	5.3	18.1
£71¼	£32½	Bancaire Cie Fr100	£43¾	+½	Q12¼%	—	3.0	—
£22½	£13¾	Banco Bilbao Viz	£14½	......	Q49.1%	2.7	5.5	9.9
286	136	Bank Ireland Ir£1	154	......	Q14.7%	2.9	8.5	5.4
£19¼	£18	Bank Leumi	£19½	......	—	—	—	—
351	320	Bank Leumi (U.K.)	350	......	†15.0	—	5.7	—
129½	100	Bank Scotland	101	......	†4.55	3.4	6.0	6.4
100¼	83¾	Do. 9¼pc Irrd Pf.	94xd	-½	9¼%	—	13.1	—
54	39	Bank of Wales	42	......	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	336	+7	19.57	3.5	7.8	4.7
22	11	Benchmark 20p	11	......	0.75	—	9.1	—
335	238	Brown Shipley £1	244	......	12.0	2.2	6.6	7.9
°435	285	Cater Allen £1	342	......	24.5	—	9.6	—
179	34	Chancery	34	-3	9.0	2.7	—	1.4
£23¾	£15	Commerzbk DM10	£15	......	Q18%	—	4.2	—
£13¼	620	Dai Ichi KBk Y50	703	+37	Q17%	6.2	0.5	33.2
°£313	£194½	Deutsche Bk DM50	£201	—	Q28%	—	2.3	—
£20¾	£14½	Espirito Santo	£15	......	Q75c	5.1	2.4	8.0
253	166	First Nat. Fin. 10p	188	+1	13.0	2.1	9.6	6.2
121	82	FNFC 6.3pc Cv. Pf	86	-3	6.3%	—	9.8	—
£13¼	633	Fuji Bank Y50	764	+13	Q17%	◆	0.4	◆
325	262	Gerrard & National	281xd	-3	19.0	—	9.0	—
154	88	Guinness Mahon 10p	89	......	2.1	—	3.1	—
328	194	Hambros 20p	228	......	11.5	—	7.0	—
128	88	Do. 7.5pc Cv Pf	95	+1	7½%	—	10.5	—

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

1990 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
196	98	Clayhithe	104	......	6.0	3.5	7.7	4.9
12	5¼	Clearmark 5p	5¼	-¼	—	—	—	4.4
18	7½	Colorgen Inc. $0.01	7½	......	—	—	—	—
43	20	Comac Group 5p	20	......	—	—	—	◆
228	160	Community Hospital	180	......	5.2	2.7	3.9	12.0
71	11	Co. of Designers 5p	11	......	13.5	0.9	‡	3.4
288	198	Computer People 5p.	198	......	†5.85	3.6	3.9	9.1
71	41	Cont. Station'y 10p	41	-2	4.0	2.2	13.0	4.4

INDUSTRIALS (Miscel.) – Contd.

1990 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
113	70	Shiloh	80	+2	s†2.63	4.9	4.6	6.0
150	101	Sidlaw Group	118	......	7.7	1.9	8.7	8.0
530	245	Siebe	273	+4	15.0	3.1	7.3	5.1
101	75	Silentnight 10p	93	+1	5.0	2.1	7.3	8.4
120	51	Silvermines 2½p.	55xd	......	Q22.2%	4.8	9.1	3.1
°252	154	Sinclair (Wm.)	210	+3	96.3	2.7	4.1	12.3
°374	80	Sketchley	80	-1	96.5	1.1	10.8	(10.0)
137½	88½	Smith & Neph.10p	108½	+½	4.25	1.8	5.2	12.6

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

هكذا من الاصل

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MOTORS, AIRCRAFT TRADES – Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
398	232	M.L. Labs. 1p ....γ	232	.....				–
6¼	3½	Moray Firth 1p.....γ	3¼	+¼				–
45	25	Navan Resources...γ	25	.....				–
57	21	Ovoca Gold IR 2p...γ	23	.....				–
72	22	Oxford Virology 5p..γ	22	.....				–
83	61	Poddington 5p.......	77½	.....				–
118	65	Ramsden's (Harry)...γ	70	.....	L4.5	1.1	8.6	13.8
60	24	Rentaminster 5p...γ	24	.....	‡a1.85	2.8	‡	4.7
38	7	Sempernova.. ..γ	8	.....				1.8
36	17	Sleepy Kids 5p.....γ	17	.....				–
3½	1¼	Systems Connections.γ	2	.....				–
94	48	Tomorrows Leisure 20p γ	48	.....	1.0	4.4	2.8	8.7
55	27	UPL Group 10p.....γ	32	.....				–
89	16	Video Magic Leis. 1p γ	18	+2				–
6¼	2¼	Vista Ents 5p.......γ	2¼	.....				–
5½	1¼	Wilton Group 1p...γ	1½	.....				5.1

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♣ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ☆☆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1992. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1...γ	780	......
Finlay Pkg. 5p....γ	38	–2
Holt (Jos) 25p.....γ	1385	......

IRISH

Cap. 8½% Ln. 1991...	£98¾	......
9pc Cap Ln. 1996..	£93½	......
Fin. 13% 97/02...	£110¾	......
Arnotts..........	175	......
Carrol (P.J.).........	154	......
Helton Hldgs.......γ	53	......
IRG...........	153¼	......
United Drug........	135	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	45
BOC Grp.	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	40
FKI	5¾
FNFC	28
Gen Accident	37
GEC	14
Glaxo	57
Grand Met.	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd.	39
ICI	78
Ladbroke	22
Legal & Gen.	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds.	11
Marks & Spencer	18
Midland Bk.	20
Nat West Bk.	18
P & O Dfd.	42
Polly Peck	40
Racal Elect.	14
RHM	23
Rank Org Ord.	49
Reed Intnl.	30
STC	19½
Sears	8½
SmKl. Beecham A.	44
TI	37
TSB	18
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	50
Vickers	19
Wellcome	38

Property	
Brit Land	24
Control Secs.	3½
Land Securities	42
MEPC	38
Mountleigh	11

Oils	
Aviva Petlm.	3½
Brit Petroleum	25
Burmah Castrol	44
Conroy Petlm.	20
Gaelic Res.	2
Premier	8½
Shell	40
Tuskar Res.	6
Ultramar	31

Mines	
Lonrho	21
RTZ	40

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FINANCIAL TIMES
Weekend November 3/November 4 1990

Rights issue assures Eurotunnel funds

By Andrew Hill and Andrew Taylor

EUROTUNNEL's 15-month struggle to raise £2.6bn of additional finance for the Channel tunnel project came to an end yesterday with the launch of a £532m rights issue.

At bullish press conferences held simultaneously in London and Paris, the group announced it was offering existing shareholders three new Eurotunnel units for every five units already held, at 285p each – a 39 per cent discount to yesterday's opening price of 470p. The units closed at 435p.

The issue was launched three days after the French and British tunnels met under the Channel seabed. Mr Alastair Morton, the group's chief executive, said yesterday that more than 70 per cent of the tunnelling was complete.

The cost of the project has soared since 1987, from £4.8bn to £7.6bn, forcing Eurotunnel to raise more money from its shareholders and bankers.

The rights issue, which is fully underwritten, and the bank financing, which was completed last week, mean the group has £8.7bn of committed cash resources. This includes more than £1bn to cover any further unforeseen increases in costs.

Eurotunnel is encouraging investors to subscribe by attaching six tiers of half-price travel incentives to the new units. They differ from the free-travel perks in the original 1987 share offer in that non-shareholders can be nominated to enjoy the privileges.

An investment of just over £128 (45 units) qualifies for the minimum perk of one half-price trip on the cross-Channel shuttle; investors buying 1,500 new units will benefit from an unlimited number of half-price journeys.

The group said cross-Channel traffic had increased more quickly than independent consultants had predicted in the 1987 prospectus. The consultants' original forecast of the 1993 cross-Channel passenger market was almost achieved last year and the freight market grew by 10 per cent a year between 1985 and 1988, compared with the 1987 forecast of 4.9 per cent annual growth.

Eurotunnel hopes shareholders who cannot or do not want to invest further will sell their right to subscribe. The group has set up a telephone service which will charge a fixed commission of £10 per transaction to new or existing investors who want to subscribe for new units.

Background and analysis, Page 12

Economic reports heighten fear of recession in US

By Anthony Harris in Washington

FEARS OF a recession in the US intensified yesterday amid a wave of negative reports and warnings about the economy.

Paradoxically, Wall Street stocks and bonds rallied, on hopes that the signs of economic weakness would lead to a further cut in interest rates.

Payroll employment fell by 68,000 last month, the biggest drop for eight years, prompting a gloomy assessment from Dr Janet Norwood, the Commissioner for Labour Statistics.

Dr Norwood told Congress that the employment figures for October provided "further evidence of deterioration in the labour market", and pointed out that payroll job movements had weakened each month since June. "Even the usually robust service sector has lost much of its vitality during this period," she said.

Among other economic news yesterday was:

● A drop in weekly earnings, and a warning from General Motors and Ford that a further 51,700 workers would be laid off for a period during the current quarter.

● A 0.8 point drop in the official index of leading indicators

● A report warning that the record burden of consumer debt would lead to abnormally sharp cuts in spending as the economy weakened.

The employment report, which was weaker than expected, showed a fall of 142,000 in goods-producing payroll jobs, partly offset by a rise in service employment, mainly in health care and education.

The less precise household survey, which also covers small enterprises, part-time workers and the self-employed, showed a bigger drop of 187,000 in civilian employment. However, the labour force also declined sharply, due partly to early retirements, and unemployment was unchanged.

Dr Norwood said 580,000 jobs, or 3 per cent of the manufacturing workforce, had been lost since January. The unemployment rate for construction workers is now 13.2 per cent. That figure seems to be rising sharply, with 80,000 construction jobs lost in October.

She also warned Congress that, based on past experience, consumer price inflation would rise sharply in coming weeks.

Wall Street analysts took the unemployment figures as evidence that the economy was already in recession, and emphasised that the average working week had dropped significantly for the first time, and that average weekly earnings were down by just over $5.

"It's premature to say that the economy is headed for a full-blown recession, but the odds are high that that's where it's going," Mr Stephen Roach of Morgan Stanley said.

The 0.8 point fall in the leading indicators was exactly in line with expectations, but may have been overtaken by events. The latest figures for consumer confidence and for employment are weaker than those reflected in the index.

Meanwhile, anxiety is growing about consumer debt. A report yesterday pointed out that the debt burden was a threat to the economy.

"If we do experience a recession, its impact will be much more severe than if consumer debt were at a lower level," said Professor Robert Pollin of the University of California-Riverside, author of the report to the trade union-sponsored Economic Policy Institute in Washington.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Porsche	750	+	10
Falls			
AEG	211.5	–	4.5
Brown Boveri	726	–	44
Degussa	276	–	11
Deutsche Bank	587	–	5
Lahmeyer	1065	–	15

NEW YORK ($)

Rises			
Apple Comp.	$31\frac{7}{8}$	+	$1\frac{3}{8}$
Banc One	$22\frac{1}{2}$	+	$1\frac{3}{8}$
Citicorp	$12\frac{1}{8}$	+	$\frac{1}{4}$
Morgan (J.P.)	39	+	1
Seagate Tech.	8	+	$\frac{5}{8}$
Texaco	$60\frac{1}{2}$	+	$\frac{3}{8}$

PARIS (FFrs)

Rises			
Aux d'Ent	930	+	35
Chargeurs	779	+	14
Perrier	1141	+	46
Falls			
Epeda-Bertrand	946	–	33
Pollet	421.5	–	15.5
Radiotech	327.1	–	10.7

TOKYO (Yen)

Rises			
Aoki Corp	942	+	32
Nippon Steel	450	+	14
Onoda C'ent	689	+	25
Falls			
Atsugi Nylon	1260	–	20
Kurabo Inds	1220	–	120
Kyosan Elec	1310	–	50

New York prices as at 12.30pm.

LONDON (Pence)

Rises			
Barclays	336	+	7
Davis & Met	221	+	11
Harisons & Crs	122	+	6
Reuters	590	+	16
STC	282	+	8
Scottish TV	508	+	16
Thames TV	371	+	16
York Clyde	142	+	27
Falls			
British Gas	213	–	2
Eurotunnel	435	–	35
Hillsdown Hld	251	–	4
Howden Grp	44	–	28
Lex Service	165	–	10
Pearson	609	–	33
RHM	269	–	5
Unilever	643	–	5

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	16	61	Dallas †	F	17	63	Madeira	F	20	68	Prague	F	9	48
Algiers	S	23	73	Dublin	C	10	50	Madrid	S	13	55	Reykjavik	S	-2	28
Amsterdam	R	8	46	Dubrovnik	S	20	68	Majorca	F	19	66	Rhodes	S	24	75
Athens	S	25	77	Edinburgh	C	8	46	Malaga	F	19	66	Rio d'Janeiro		–	–
Bahrain	S	29	84	Faro	S	18	64	Malta	S	25	77	Rome	F	18	64
Barcelona	S	18	64	Florence	F	16	61	Manchester	R	7	45	Salzburg	C	10	50
Belfast	C	8	46	Frankfurt	F	9	48	Melbourne	F	18	64	S'Francisco †	S	13	55
Belgrade	F	11	52	Geneva	R	7	45	Mexico City		–	–	Santiago		–	–
Berlin	C	11	52	Gibraltar	C	17	63	Miami †	F	24	75	Seoul	S	19	66
Biarritz	R	9	48	Glasgow	F	8	46	Milan	C	11	52	Singapore	R	28	82
Birmingham	C	7	45	Guernsey	F	10	50	Montreal †	C	3	37	Stockholm	C	1	34
Blackpool	F	9	48	Helsinki	R	6	43	Moscow	R	5	41	Strasbourg	C	8	46
Bombay	F	32	90	Hong Kong		–	–	Munich	F	8	46	Sydney	F	21	70
Bordeaux	R	13	55	Innsbruck	R	6	43	Nairobi	F	23	73	Tangier	F	17	63
Boulogne	C	10	50	Inverness	R	6	43	Naples	F	19	66	Tel Aviv	S	27	81
Bristol	F	9	48	Isle of Man	S	9	48	Nassau		–	–	Tenerife	C	24	75
Brussels	C	8	46	Istanbul	F	21	70	Newcastle	C	8	46	Tokyo	S	21	70
Buenos Aires		–	–	Jersey	C	10	50	New Delhi		–	–	Toronto †	F	10	50
Budapest	F	11	52	Johannesburg	F	27	81	New York †	S	14	57	Tunis	F	23	73
Cairo	S	32	90	Las Palmas	C	25	77	Nice	S	17	63	Valencia	S	18	64
Cape Town	S	22	72	Leeds	C	7	45	Nicosia	S	24	75	Venice	S	13	55
Cardiff	C	11	52	Lisbon	S	17	63	Oporto	F	14	57	Vienna	F	13	55
Chicago †	S	15	59	Locarno	C	8	46	Oslo	F	4	39	Warsaw	F	10	50
Cologne	F	11	52	London	F	10	50	Paris	C	9	48	Washington †	S	10	50
Copenhagen	F	10	50	Los Angeles †	S	15	59	Peking	C	12	54	Wellington	F	16	61
Corfu	F	23	73	Luxembourg	C	6	43	Perth	C	21	70	Zurich	C	7	45

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

School children greeted President Bush when he arrived at Hanscom Air Force Base in Bedford, Massachusetts, to campaign in the state on behalf of republican candidates

Bush leads counter-attack in attempt to stem poll losses

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush is leading a last-minute Republican counter-attack to stem expected losses to the Democrats in next Tuesday's mid-term US elections.

All 435 members of the House of Representatives are up for re-election, as is a third of the 100-strong Senate and the governorships of almost all the large states and thousands of local offices.

The latest signs are that the Republicans have halted, and partially reversed, the sharp drop in their support which occurred during most of last month as Mr Bush came under sharp criticism for his handling of the budget crisis.

Most candidates of both parties engaged in close races have distanced themselves from the tax raising budget.

With Congress at last adjourned, Mr Bush has this week sought to divert attention to the seriousness of the Gulf crisis which may rally vote support.

Pollsters and campaign specialists for both parties are predicting that the Democrats will pick up between 10 and 15 seats in the House, where they have a 259 to 176 majority, while there may be a shift of one or two seats either way in the current Democratic 55 to 45 majority in the Senate.

The Republicans hope to retain at least three out of four big state governorships they are currently defending – California, Texas, Florida and Illinois.

However, several senate and governorship races, originally seen as Republican victories, have become too close to predict.

While the vast majority of House members should be re-elected, there will be close interest to see whether an alleged wave of anti-incumbent protests, triggered by disgust over Washington politicking and the savings and loan scandal, will bring a greater turnover than usual.

Californian voters take charge ......Page 2
Texans steak their claims ......Page 2
US commander in Gulf urges cautious line ....Page 3

However, incumbents have a big financial advantage. In congressional contests alone, more than $300m (£154m) was spent up to the middle of October with incumbents outspending challengers by a 20 to 1 margin.

The results will have a major influence on what Mr Bush can achieve over the second half of his four-year term since any increase in the existing Democratic majorities in the Senate and House might limit his freedom of manoeuvre on domestic and economic policy.

So far Congress has failed 15 times, sometimes narrowly, to muster the two-thirds majorities in both houses to override his veto, though this could change if the Republicans lose badly on Tuesday.

At a state level, the control of the governorships and state houses will have a big impact in determining the pattern of changes in congressional boundaries due after this year's census following shifts in population.

Several sunbelt states are due to gain House seats, notably California whose representation is expected to rise from 45 to 52.

The Republicans want to have a big say in this highly political process if they are to have a change to narrow the Democratic majority in the House during the 1990s.

In spite of complaints about the negative tone of the 1988 presidential election, this year's campaigns have been marked by sharp personal attacks on rival candidates' financial, sexual and family histories in short television shots.

Race has also surfaced, notably in North Carolina where conservative Republican incumbent Jesse Helms is being challenged by Democrat Harvey Gantt, who is seeking to become the first black elected senator from the south.

Cabinet reshuffle

Continued from Page 1

coinage and notes preserved the Queen's head and the pound sterling denomination.

"I am not interested in illusions of sovereignty," he said.

However, when party organisers were asked whether this represented a major shift towards accepting the concept of a single European currency, there followed frantic efforts to insist that all Labour's conditions and reservation remained the same.

The controversy was just one interlude in a day crowded with rumours and speculation.

Senior ministers were frustrated however in their efforts to stamp out talk of a possible bid for the leadership. While Mr Douglas Hurd, the foreign secretary, dismissed the talk as "froth", other senior party figures such as Mr Edward Heath openly encouraged a contest. Strong denials from supporters of Sir Geoffrey that he was considering a bid for the premiership were brushed aside by the former prime minister who argued: "Geoffrey would not be a stalking horse. He would be a real contender."

Mr Michael Heseltine, the former defence secretary widely tipped as a likely replacement for Mrs Thatcher, refused to comment, however.

If a challenge is to be mounted, it must come soon after the Queen's Speech which opens a new session of Parliament on Wednesday. Under Tory party rules, MPs will then have 28 days to table nominations.

Last year, Mrs Thatcher faced the first assault on her leadership when Sir Anthony Meyer, a hitherto obscure backbencher, stood as a "stalking horse" candidate.

Many Tory MPs believe that with tension mounting in the Gulf and an election at best 18 months away, a ballot would be catastrophic. Others such as Mr Michael Latham, the MP for Rutland and Melton, said that Sir Geoffrey's resignation demanded a test of Mrs Thatcher's support within the party.

The disarray within the Tory ranks has heightened attention on the Bradford North by-election where Labour is defending a majority of under 1,700. Some believe that if the poll, scheduled for Thursday next week, shows a crash in Tory support, it will encourage the party's dissidents to mount a challenge.

BSB and Sky merger

Continued from Page 1

via cable and communal systems.

The main BSB shareholders – Granada, Pearson, Reed International and Chargeurs – have had to raise £1.3bn for the venture.

The combined company could become profitable much more quickly than the competing rivals and five powerful channels created to offer real competition to conventional broadcasters such as the BBC and ITV.

Competition between the two satellite stations has created crippling auctions for everything from film rights to access to world heavyweight boxing matches.

BSB in particular spent hundreds of millions of dollars in buying film rights. To get access to all the best films viewers until now have had to subscribe to both the BSB and Sky film channels because the two companies have divided the main Hollywood studios between them.

In addition to a combined film channel there will be sports, entertainment and music channels. The fifth is likely to be what is now Sky News.

Although the market is being given the chance to decide whether it is the BSB or Sky technology that ultimately prevails, all the indications are that the Astra satellite system, with the capacity to offer 48 channels to a single dish within three years, will be the winner.

The decision will have serious consequences for the manufacturers of BSB equipment, particularly Philips, which has put a lot of weight behind the high-technology MAC system used by BSB as a step towards better quality high definition pictures.

THE LEX COLUMN

A dull exit for Sir Geoffrey

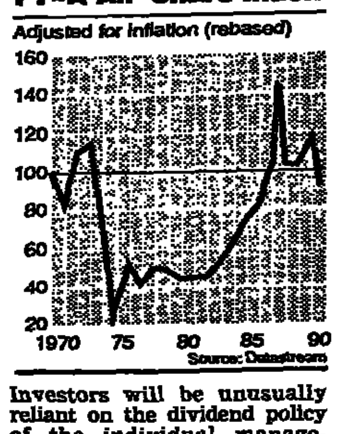
There was something nicely appropriate about the London market's stolid response to Sir Geoffrey Howe's resignation. Equities were only going to take fright if the foreign exchange market did; and sterling opened in London yesterday a touch higher than before Sir Geoffrey went.

There is an instructive parallel with the reaction to Mr Lawson's resignation a year ago. Then, the FT-SE had fallen 340 points in the preceding six weeks. It turned on a sixpence on the announcement, rising to an all-time high 10 weeks later. That is scarcely likely to happen this time, if only because other world markets were then rising sharply as well. But in both cases, tensions in the government over European policy were obvious well before the event. That is how the market works: sell on the rumour, buy on the news.

That apart, there is a sense that the institutions are ready to hold the market above the 2,000 level. There are no obvious macroeconomic risks on the near horizon: no nasty statistics or CBI surveys, though there remains the obvious proviso about the Gulf. The risk is more at the level of individual stocks; analysts are in some cases still catching up with the implications of recession for company earnings in 1990, let alone 1991. Meanwhile, it is implicit in the market's behaviour that the immediate political risks have died down. But leaving aside the whole question of the Tories and Europe, next Thursday's Bradford by-election is potentially awkward. The 2,000 mark is being defended; it may not be secure.

FT-SE Index: 2,030.7 (+2.7)

FT-A All-Share Index
Adjusted for inflation (rebased)



Electricity

Yesterday's pathfinder prospectus for the 12 regional electricity companies was not a mere distraction from the unprecedented generosity of the incentives that investors are being offered for subscribing. In between deciding which bribe they fancy best, they might consider some of the frankly stated risks.

For example, all the company forecasts are qualified by sensible warnings. The profit estimates are based on assumptions about cold winters, fuel oil prices, strikes and wars. Their performance will obviously be tied to their regional economies. There is also the uncertainty of the future of independent generators and the grid company. Mainly, however, there is the admission that the companies' earnings will be very volatile.

Investors will be unusually reliant on the dividend policy of the individual managements; and here prospective yields give vital clues.

This has clearly given the government's advisers a headache. Hence the heavy hints being dropped about juicy prospective yields and dividend growth above the rate of inflation. Enter the Thames factor. With shares in leading water companies yielding around 8 per cent, or up to 15 per cent on a partly paid basis, and with British Gas yielding around 7¼ per cent prospectively, it would be an almighty insult to try to float the riskier RECs at anything equal or less. It looks therefore as if the RECs will be priced to yield around 20 per cent on a partly paid basis.

Could it fail? The obvious dangers are a war in the Gulf or a stock market crunch. But institutions that have been saving up their cash will probably still want utility stocks, if only as a bear market play.

Eurotunnel

One hardly knows who deserves the more admiration: Eurotunnel's construction workers or its financial engineers above ground. The £532m deep-discounted rights issue has been pitched in such a way that small shareholders may believe they are getting something for nothing, when in fact they are being asked to increase their investment in the project by roughly 50 per cent and accept a lower overall return. The perks confuse attempts at sensible valuation and anyway look expensive, given that an investor seeking unlimited half-price travel could earn £400 a year just by putting the same sum in a building society.

To be fair, the risks have been substantially reduced. The tunnel is going to open on time and the only real worry now is the much more manageable commercial risk. Will Eurotunnel's revenues match expectations? The cross-channel market is growing faster than expected, but because Eurotunnel has reduced its inflation forecast, its revenue projections are less ambitious than three years ago. More worrying is the fact that projected operating costs as a percentage of revenues have increased from 19 per cent to 25 per cent, while an annual interest bill of over £500m a year is going to eat up profits for years to come.

The difference between the projected gross dividend yield of 17.7 per cent in 1987 and the current 15.6 per cent may not sound a lot. But then Eurotunnel was projecting that its shares would be worth £24 in 1995, and now the figure has fallen to £16 by 1999. In the airy-fairy world of discounted cash flow any number sounds plausible. Much better to buy the shares if gut instinct tells you so.

Cookson

First Bunzl, now Cookson. The departure of the heads of two struggling ex-glamour companies in as many days is a vivid illustration of the penalties of recession. Of the two, Cookson's case is perhaps the more curious; the chairman is to be temporarily replaced by his ex-boss, who surely deserves his share of the blame for the company's misfortunes.

Whether or not the institutions played a part with Cookson as with Bunzl, the idea of new-found militancy should not be pressed too hard. The list of the worst-performing alpha stocks since the July 1987 market peak is instructive: Saatchi & Saatchi (down 96 per cent), Next, Ferranti, Berisford, Cookson, Burton, Bunzl and Manpower. Each one has seen the boss step down with the exception of Burton, where Sir Ralph Halpern's position is subject to recurring rumour. It is also worth remarking that the changes have been wholly ineffectual in stopping the share price falls.

The obvious next question is which other company chairmen might be in jeopardy. Let us continue the list: Amstrad, Coats Viyella, Beazer, FKI, Standard Chartered, Dixons. As Amstrad's dominant shareholder, Mr Alan Sugar can doubtless sleep easy. Some of the others may be less lucky.

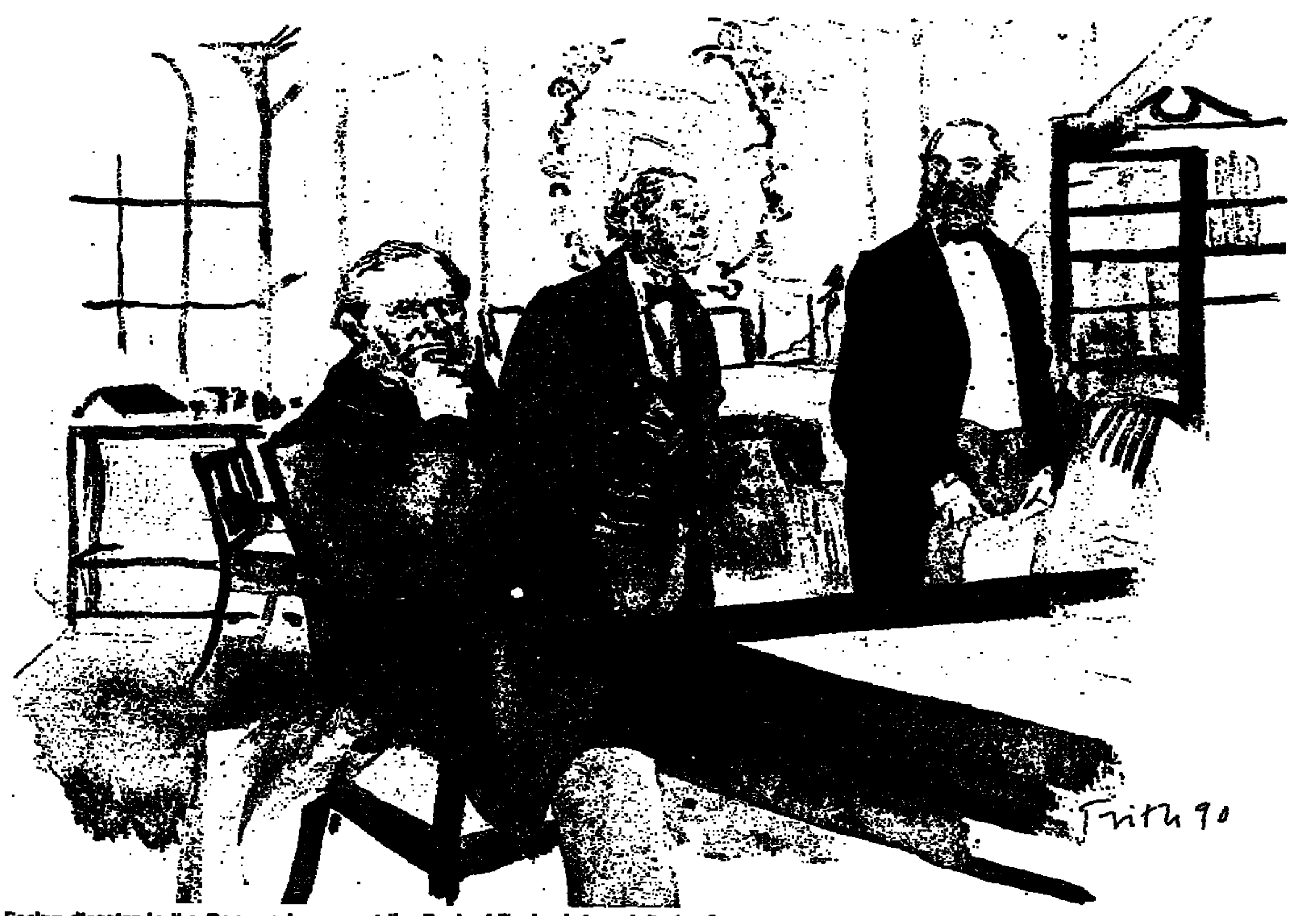
Weekend FT

SECTION II

Weekend November3/November 4 1990

The City's longest week of fear

A century ago this week, Britain's financial centre was on the edge of ruin. ***David Kynaston*** *delves into banking archives to find out why*



Facing disaster in the Governor's room at the Bank of England: from left, the Governor, Lidderdale, and Currie plead with Rothschild to save the Victorian financial empire from collapse

FIRST THING on Monday morning, following an urgent if mysterious summons, George Goschen, the Chancellor of the Exchequer, presented himself at the Bank of England to see the Governor.

"Found him in dreadful state. Barings in such danger that unless aid is given, they must stop. All houses would tumble one after the other. All credit gone." A shaken Goschen then left the Governor, William Lidderdale, and went to talk to two other senior bankers. Both of them, he continued in his diary, were "quite demoralised."

That evening was the Lord Mayor's banquet and, just before it began, Goschen told the Prime Minister, Lord Salisbury, about the plight of Barings. "Is it as bad as that?" asked Salisbury. In his speech he calmly concentrated on foreign affairs.

So, on November 10 1890, began the City's longest week. Only a few leading bankers were fully in the know, and none doubted the dire consequences of Barings going under.

It was not just that the demise would have a domino effect on other City houses; it was also that the entire supremacy of the City of London as an international financial centre would be imperilled. The reason was simple. The great engine of international trade had become the bill on London; these bills were guaranteed by the London acceptance houses that we now call merchant banks; and chief among these acceptance houses was Barings.

If Barings went down, then so too would much of the City's business, especially as such a collapse would inevitably be accompanied by a catastrophic run on sterling, thus jeopardising Britain's proudly maintained gold standard.

The irony was that it was Barings which had got the City into such a mess. Only two years before, the *Bankers' Magazine* had justly cited it as the prime case of a firm which had "never known, during the present century, anything but first-class credit, into which enters the elements of dignity – moral, personal and commercial alike."

Solid, deeply respectable and rather unimaginative, there was no more English house in the City.

What had gone wrong? The answer lies with one man: Ned Baring, created 1st Lord Revelstoke in 1885. Intelligent, hard-working and arrogant, what he lacked were the crucial merchant banking qualities of discrimination and discretion.

The turning point was the massively oversubscribed Guinness flotation of 1886, which convinced Revelstoke that the bank's future lay in company promotion. Unfortunately, he profoundly misjudged where such promotion should take place.

The Argentine has always had a fatal attraction for the City, and in the late 1880s Barings was at the forefront of an enormous outflow of British capital to that seductive land of rich pampas. So confident was the bank of its standing that it even made issues without troubling to have them underwritten.

Chief among them was one for the Buenos Aires Water Supply and Drainage Company, a grandiose attempt to bring Victorian purity to that city. It might have worked, but by 1890 all had turned sour: a lethal Argentinian combination of financial maladministration and political revolution left Barings dreadfully exposed, committed to further large payments on what had become a worthless concession yet unable on a falling market to realise its large portfolio of South American assets.

By October it was borrowing heavily to plug the gaps, and by crisis week in November the firm was some £9m short – almost £¼bn in present-day values – of what it needed to carry on. Such a sum was about three times the size of Barings' capital, and there was no alternative but to look elsewhere for salvation.

For the head of Barings it was the most grievous blow. All Revelstoke could hope was that the rest of the City would bail him out – something it had not been prepared to do in 1866 when the mighty discount house of Overend Gurney had foundered.

Much turned on Bertram Currie, a leading partner of the private bank Glyn Mills and an old friend of Barings. He was entrusted by Lidderdale with the task of determining whether Barings was solvent in the long term, in other words whether it was worthy of rescue.

It was in a state of almost forlorn desperation that the hapless Revelstoke wrote to him: "I don't like to come and see you and hardly think I ought to write, but I cannot help sending one line in my wretched agony to implore you to do what you can. I know you will and I am sure you feel for us all in our misfortune".

Currie was not alone in bearing a heavy responsibility, with most of the City in a state of rumour-ridden depression but unsure of the exact cause. Controlling operations from Threadneedle Street was Governor Lidderdale, a tough-minded Scottish merchant who for many years had been London partner of the Liverpool house of Rathbones.

He disliked City bankers – "a less public-spirited class I do not know" – but at this critical time was a big enough man not to be swayed by prejudice. Yet there was a limit to what he could do: the Bank of England, for all its growing public responsibilities, was still a private concern answerable to its shareholders; its own resources were distinctly finite; and, as Lidderdale insisted to Goschen from the start of the crisis, it could act only within a larger umbrella provided by the government.

He found an important ally in Natty Rothschild. Although sceptical about the chances of Barings' survival, he performed a valuable twin role during the middle of the week: successfully persuading the Bank of France to lend £3m in gold to bolster the Bank of England's badly stretched reserves; and on the City's behalf applying further pressure on his good friend the Prime Minister. Edward Hamilton, a senior Treasury official, dined one evening with Rothschild and noted with pleasure that he "spoke very nicely and unboastfully about the situation."

What about the government itself? Goschen was a capable Chancellor, and as a former banker was fully aware of the gravity of the crisis, but had a deeply indecisive streak. "I must say I felt overwhelmed with responsibility," he agonised after his meeting with Lidderdale.

"If I do nothing and the crash comes I should never be forgiven: if I act, and disaster never occurs, Parliament would never forgive my having pledged the national credit to a private firm." The tortured diarist slept little, until in the small hours he made up his mind. Goschen, like all Chancellors of that era, was a finance minister formed in the Gladstonian mould; and at the heart of Gladstonian Liberalism was an immutable belief in laissez-faire. The City, it seemed, would have to stand or fall on its own.

Friday the 14th proved the crunch. During a trying morning, two things became clear: that in Currie's eyes the assets of Barings did show a substantial surplus over its liabilities, whatever the firm's pressing need for an enormous cash advance; and secondly, that after almost a week of astute news management, including a degree of self-denial on the part of the press, the City at large was starting to succumb to outright panic.

John Daniell, senior partner of Mullens the government brokers, burst into the Bank at about noon, crying to Lidderdale with his arms aloft: "Can't you do something, or say something, to relieve people's minds. They have made up their minds that something awful is up, and they are talking of the very highest names – the very highest!"

During the next hour, Barings' bills started to pour into the Bank at an alarmingly rapid rate. With the entire credit of the City at peril, the moment was nigh for Lidderdale to earn the greatness that was being thrust upon him.

At about two o'clock he slipped out of the Princes Street door, took a roundabout route until he secured a hansom, and drove to Downing Street. Goschen was absent – committed to making a speech that evening in Dundee, he felt that the more panic-averting move was to fulfil his programme.

Over the next hour or two it was W.H. Smith, First Lord of the Treasury and widely known as "Old Morality", and Salisbury who locked horns with a resolute Governor. With stalemate looming, he played his highest card, telling them (he later recalled) that Barings' bills were "coming in fast now that alarm had set in, and that unless government would relieve us of some of the possible loss, I should return at once and throw out all further acceptances of the firm."

This threat prevailed. The two politicians in effect gave Lidderdale just under 24 hours to save Barings, promising that the government would bear half the loss resulting from taking in Barings' bills up to early afternoon on Saturday. By 5pm Lidderdale was back in the City. There, in the Governor's room at the Bank, he called a meeting of the Court of Directors. He announced that the Bank was willing to put up £1m towards a guarantee fund for Barings.

Currie declared that Glyn Mills would contribute £500,000 on the condition that Rothschilds did the same. Moments later Lord Rothschild arrived at the meeting. Would he agree? To quote Currie's subsequent account: "He hesitated and desired to consult his brothers, but was finally and after some pressure persuaded to put down the name of his firm for £500,000."

What was that pressure? According to Hamilton's usually well-informed diary, it needed Lidderdale to say bluntly to Rothschild: "We can get on without you." What would have happened if Rothschild had called Lidderdale's bluff is another question. Either way the success of the guarantee fund was assured, as all the leading banks rushed to contribute, and by Saturday afternoon it was up to almost £10m, eventually reaching a total of some £17m.

So ended a peculiarly British crisis played out behind closed doors by a small group of people. But what, ultimately, apart from Lidderdale's decisive actions, saved Barings and thus the City? Self-interest or noblesse oblige?

"It appeared to us that it was to the interest of our joint account to come forward, not only to diminish our loss on Barings' bills but to avoid the danger of losing by other firms stopping," wrote Raphael & Sons to its New York agents about its contribution of £250,000 to the guarantee fund's first list. Yet the impression remains that Barings was an integral part of the British establishment, and that that too played a part.

From the vantage point of a century later, the real significance of the Baring crisis was that it made the City a more cohesive place, acted as a stimulus to the amalgamation movement in joint-stock banking, and above all helped to push the Bank of England closer towards modern notions of central banking.

In particular, the crisis strengthened the Bank's relationship with the Treasury – a relationship that until the First World War remained one of equals – and served to reassert its leadership over the City as a whole. Such leadership would in the 20th century be sorely tested, never more so than in the aftermath of the German banking crisis of 1931 when the Bank effectively rescued Lazards among other major houses, or in its "lifeboat" operation of 1973-4 that successfully contained the secondary banking crisis.

And now, in these avowedly more Darwinian days? Lord Alexander, chairman of National Westminster, recently thought aloud the unthinkable: a collapse in the British banking system with nary a lifeboat in sight.

Several commentators have pondered the plausibility of his remarks. Clio is of course a notoriously unreliable futurologist; but if there is a lesson to be drawn from that febrile week in November 1890 when Barings peered into the abyss, it is perhaps that it will always pay to be fortunate in one's friends.

Dynamite under the pensions industry

The Long View

BARRY RILEY

Rough justice has been associated with occupational pension schemes, but now the courts have suggested that confidence and trust must be sustained

THOSE BENEVOLENT despots in the occupational pensions industry could be in trouble. Their paternalistic tyranny is being threatened by the courts in a way which has not been seen before. Can it be that company pension schemes, those pillars of faceless corporate bureaucracy, will be forced to become more user-friendly?

This week the Imperial Tobacco pension fund case came to a climax, with a ruling by the Vice Chancellor that Hanson, now Imperial's parent, must not act in such a way as to "destroy the relationship of trust and confidence between employer and employee" without reasonable cause. The judgment is important not so much for its implications in this particular case, although Hanson and its lawyers went scurrying off to reconsider their position, as for the potential implications for the pensions industry at large. As the judge himself put it, we are dealing with "absolute dynamite" here.

Coming so soon after the famous Barber judgment in the European Court, which required pension schemes to offer equal treatment to men and women, the Imperial judgment gives the pensions industry a lot to think about.

Natural justice has never been a strong feature of company pension schemes in Britain. Pensions were originally seen as a way of rewarding loyal servants; but favouring long-serving workers can also be seen as a way of robbing short-stayers.

Many millions of workers have suffered harsh treatment at the hands of company schemes, by effectively losing their contributions or being fobbed off with eventually almost worthless deferred pensions, but legal redress has been hard to obtain. The legal costs would be prohibitive for individuals, and in Britain US-style class actions (in which groups of plaintiffs join together) are not permitted. At Imperial Tobacco, however, more than 20,000 pensioners have been faced with the same decision at the same moment.

Final salary schemes, like Imperial's, provided a solution to inflation that created new problems. Until the 1960s most corporate schemes were on a so-called "money purchase" basis, that is the level of benefits depended on whatever the investments produced. Since the bulk of the money was typically in fixed income securities the pensions dwindled to pathetic levels. The answer lay in some form of inflation-proofing, but full indexation was regarded as much too expensive if pensions were to be set at anything like the desirable two-thirds of final salary.

The final salary link was a cheap but dangerous solution. The benefits of employees were earnings-linked up to retirement or leaving service, but there was no subsequent protection against inflation either for pensioners or early leavers. With inflation averaging 10 per cent a year this was a disastrous arrangement for the vast majority of employees, and for long-surviving pensioners, but good for the minority of long stayers and especially for those who rose rapidly up the salary ladder late in life (that is, the bosses).

Eventually, during the 1980s, the government began to step into this unsatisfactory situation by insisting, for instance, that benefits should be protected at least by limited price indexation up to 5 per cent a year, and by controversially imposing a "cap" on participation by senior managers earning more than (currently) £64,800 a year. Crucially, pension scheme membership can no longer be a condition of employment. But until now there has appeared to be little protection from the courts against unreasonable behaviour by pension schemes.

No doubt the pension industry will warn that court interference could prove counter-productive. Companies have relied upon the existence of a large element of discretion. If surpluses appear they can use them to finance their own contribution holidays rather than improvements in benefits. If they wish to match inflation one year that is a single decision with no implication for future behaviour.

But if the ruling in the Chancery Division means that the needs of pensioners must be taken more fully into account, improvements may no longer be treated as being purely *ex gratia*. Successive decisions will create expectations, and those must be provided for in calculating scheme surpluses or deficits.

Imperial Tobacco was a classic example of the old paternalistic school. Its pension scheme was generously funded and its pensioners received full inflation protection most of the time. Perhaps they lagged a little when inflation topped 20 per cent, but the loss was made up later on. This year they expected an uprating fully in line with the 9.8 per cent July RPI increase, especially as the scheme has a very large surplus. But Hanson said not.

Hanson has been perfectly justified in seeking to unravel an unsatisfactory tangle. The tobacco fund was closed to new members by the original Imperial management, almost as a kind of poison pill device against the Hanson takeover. The attempt to protect the pensioners and the surplus was justified up to a point. But the surplus has turned out to be much greater than is required to give reasonable security to members, and this is wasteful.

It seems that Hanson made a tactical error, however. In seeking to encourage the closed scheme members to transfer, along with their surplus, to an alternative open scheme it failed to make the terms clearly attractive to all members. It also neglected to consider that the reasonable expectations of the pensioners about inflation proofing might be capable of legal protection.

The full implications of the Imperial Tobacco judgment are far from clear. It is just possible that on top of Barber, and coming after a stream of legislative measures making conditions tougher for final salary-linked pension schemes, a lot of sponsoring companies will decide that the game is no longer worthwhile. If so, it is worth considering that although a minority of employees would suffer, the majority probably in the end would not.

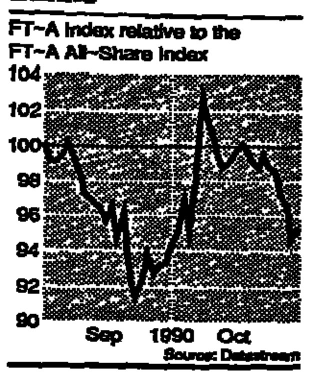
CONTENTS

MARKETS

FINANCE & THE FAMILY: THIS WEEK

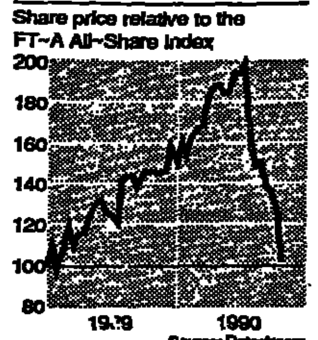
Banks

FT-A Index relative to the FT-A All-Share Index



Reuters

Share price relative to the FT-A All-Share Index



Mixed times for banking sector

Scarcely a day goes by without another horror story coming out of the UK banking sector. The good borrowers are not borrowing, the bad ones cannot repay their loans, and there is increasing nervousness about whether Standard Chartered and Midland will cut their dividends in order to repair their capital ratios.

Despite this the FT-A Bank sector has modestly outperformed the market over the last year. Standard's shares may have halved over the last year, but the sector has been buoyed up by an average yield of 8.5 per cent and the strong price performance of two relative newcomers — Abbey National and the TSB. *Bill Hall*

Reuters hit by delays

Shares in Reuters, the news agency and financial services multinational, fell quickly on news of another delay in the launch of its Dealing 2000-2 futures trading system. The product is important because it signals a change in the way in which the company earns revenue, away from subscriptions and towards charging per transaction. The system has been dogged by delays since the start of the year and the company will not give a new date for the launch except to say it has been postponed for six months or more. Analysts have pencilled in spring or summer of next year. *Daniel Green*

Investors turn their backs on unit trusts

The headlong rush out of unit trusts, led by the institutions, showed little signs of abating in September with a net outflow of £317m to follow the record £476m net disinvestment in August.

The worldwide bear markets are resulting in investors cutting back on buying units — only £511m were bought in September, the lowest monthly figure since December 1988, while redemptions remained high at £828m.

Admittedly, a significant amount of sales by the institutions are one-off switches, like the £250m switch by Fidelity. But with no sign of a stock market recovery in the near future, the unit trust industry could see the net investment of just £68m over the first nine months disappear completely by the end of the year and the value of funds under management drop below £40bn.

The only bright spots in an otherwise gloomy picture are the slow but steady success of unit trust PEPs and cash funds. Philip Warland, the new director-general of the Unit Trusts Association, has a daunting task before him. *Eric Short*

Say hello to TERESA

Sun Life has launched TERESA, a scheme which it says competes with TESSAs — the new Tax Exempt Special Savings Accounts which will be launched on January 1. TERESA is a PEP based on a new unit trust, called Managed Extra Income, which will invest 55 per cent in high yielding UK equities and the balance in near cash assets such as floating rate bonds.

The PEP structure gives the investor income and capital gains tax exemption, a £3,000 annual investment limit (greater than a TESSA) and there are no tax penalties for early withdrawal.

The disadvantage compared with a TESSA, of course, is that the value of the equities and the bonds within the portfolio can fall. Sun Life is also launching a managed worldwide growth trust. *Philip Coggan*

Far East fund launched

Capital House is launching a new unit trust — called Oriental Opportunities — covering the non-Japanese Far Eastern markets. The initial charge will be 6 per cent, and the annual management charge 1.5 per cent, with one third of the latter available to independent financial advisers as renewal commission.

Meanwhile, Fund Research has produced its latest detailed report on the fund management industry, covering the South East Asia sector. The group charges an annual fee of £7,500 for its research. *Philip Coggan*

Plug into a case of champagne

Readers can still win a case of champagne by entering our electricity competition. All you have to do is predict:

1. *At the end of the first day of dealings, which of the 12 electricity companies will be standing at the largest premium (or the smallest discount) to its offer price?*

2. How many investors will apply for shares in the electricity companies?

Please send you answers on a postcard to: Mrs P Pandya, Electricity Competition, The Financial Times, 1 Southwark Bridge, London SE1 9HL. Entries must be received by the first post on November 21. Should the issue fail to go ahead, the competition will be null and void. No correspondence will be entered into and the Editor's decision will be final.

LONDON

Taking it with resignation

IN A WEEK when the prospect of a three-hour train trip between London and Paris moved tangibly closer, Britain's ride towards European unity seemed to run into the buffers.

Margaret Thatcher, the prime minister, has never been keen on trains. Perhaps that is why she was not anxious to board the one Sir Geoffrey Howe, her deputy, spoke about at the Tory party conference last month. While he wanted to be in the driving cab, she was not going to join a train if she did not know the destination.

His resignation on Thursday evening leaves the train without a fireman and sterling not quite sure where it is going. In the event, on Friday the foreign exchange and stock markets did not see the turbulence that might have been expected. Sir Geoffrey's exit caused even less of a wobble than Nigel Lawson's similarly sudden resignation a year ago. After falling at the opening, Footsie managed to end the day up 2.7 points at 2030.7.

But there is concern in the markets that Sir Geoffrey's sudden departure will have a longer term negative effect by adding to the problems of the Conservative Party which is already lagging far behind Labour in the polls with the General Election also getting closer by the day.

Man management does not seem to be Thatcher's strong point. The episode just goes to show that the most faithful of dogs – and there are few more doggedly loyal than Sir Geoffrey – will turn on a mistress who repeatedly kicks it.

Sir Geoffrey's bite back did draw attention away from some other dogs, though. President Bush did not quite cry "havoc" this week. But the dogs of war, if not quite straining at the leash, certainly leapt to their feet and pricked their ears when the head of the most powerful army in the world said he had "had it" with the way American hostages were being treated. This may turn out to have been the week when the mood over the Gulf crisis turned away from diplomacy and sanctions as means of defeating President Saddam Hussein and looked to a military solution.

Certainly both Presidents have turned up the heat. Cynically, the market thinks that the period between the US midterm elections next Tuesday and Christmas might be the most propitious moment for the US to start armed conflict. If so the outlook for the equity market is gloomy.

Oil prices have crept higher on the thought but that has, for once, failed to push the pound up this week. Instead sterling has fallen against the D-Mark and is now below the central DM 2.95 rate set when the pound joined the Exchange Rate Mechanism a month ago. Because of the way the ERM works the DM 2.95 central rate for sterling is not in fact the middle of its range at the moment, but nearer the floor.

While Thatcher's decision to join the ERM then allowed her to cut UK base rates just before the Conservative Party Conference, that may be the last time that a politically-motivated cut in rates can be engineered.

The Confederation of British Industry begged for a cut in rates this week, when its latest survey showed business confidence at a 10-year low. For 24 hours the stock, money and foreign exchange markets thought that one would follow. But the Treasury and the Bank of England checked that over-excited hound by administering a sharp tug on the choke chain; the one by saying there would not be a cut in rates until it was safe to do so, the other by the more pragmatic method of jacking up overnight interest rates.

On Thursday the German central bank – the one Thatcher does not want running the British economy – said it would up its Lombard interest rate by half a percentage point to 8¾ per cent. Although this is a technical move, it underlined the feeling that an early cut in UK rates was unlikely.

The equity market did not have any easy week, falling 32.4 points. But it ended at a higher level than might have been expected given the bad news it had to contend with. The CBI's gloom encouraged the process of downgradings of company profit forecasts.

The aggregation of sector analysts' forecasts for corporate earnings had exceeded the forecasts of the market strategists for some time. Now those analysts are, it seems, cutting forecasts at such a rate that they will soon be in agreement with the economists on the 1990 figure.

The problem is that the strategists are now beginning to wonder about their numbers for 1991, and minuses are replacing pluses. That also brings concern about dividends, which will not perhaps be rising by much next year.

Even so, many market watchers regard the current level of Footsie as a buying opportunity, if only because the p/e of the market is low by historical standards and the yield high in comparison to that from gilt-edged stocks.

Then they point to the "wall of money" – the cash held by institutional investors – which BZW, the investment bank, estimates at £32bn. There is no doubting that if all that money tried to get into the equity market at once prices would shoot up like a Guy Fawkes rocket.

But there are calls coming on that cash. Yesterday saw the publication of the pathfinder prospectus for the 12 electricity distribution companies – which together might take £5bn or so out of the market – and the long-awaited £532m rights issue for Eurotunnel. Further ahead lies the privatisation of National Power and PowerGen.

And last week showed that given the choice institutions would like more cash. Contrast the case of Mount Charlotte, the hotel group, and William Low, the food retailer. Shareholders of the former gladly accepted a cash bid at a price which even the bidder said was below asset value. Meanwhile the latter produced a 21 per cent profit rise and asked for more money to keep up the good work. Its shares fell nearly 10 per cent on the week.

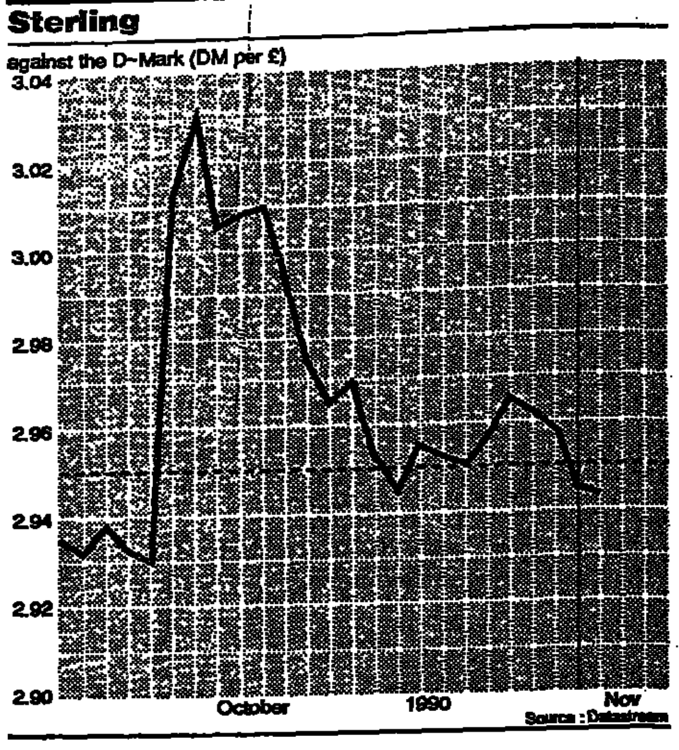
It is ever more evident that lowly-geared companies are performing better than their rivals – take Marks and Spencer in the retail sector with its 10 per cent interim profit rise, or Reed International in publishing with underlying profits still moving up – and investors may well also conclude that cash is the safe option at present.

This week also revealed a striking difference between politics and industry. While Thatcher has seen her entire "board of directors" depart since she became "chairman and chief executive" in 1979, in industry it is the chairman and chief executive who is more likely to go. Two went this week, James White of Bunzl and Michael Henderson of Cookson.

Maggie Urry

Sterling

against the D-Mark (DM per £)



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2030.7	-32.4	2463.7	1990.2	Bearish CBI survey
Avon Rubber	267	-27	530	267	Poor annual results expected
BICC	314	-47	488½	302	Profit estimate downgradings
Christies Intl	225	+12	413	200	ADT raises stake to 23 per cent
Cookson	81	+7	306	48	Recovery prospects
Eurotunnel	435	-45	733	378	Lower than expected rights issue
Evode	97	-14	159	96	Analysts cut profits forecasts
Futura Holdings	57	-25	159	57	Poor interim figures
Harrisons & Crosfield	122	-16	179	108	Analysts cut profits forecasts
Iceland Frozen Foods	270	-24	324	246	Increased competition
Low (Wm)	322	-32	362	290	Unexpected rights issue
Priest (Ben)	112	+25	125	85	Bid from International Marine
Reuters	590	-76	1318	557½	Product launch delayed again
Scottish Heritable	9½	-13½	120	9½	Annual loss forecast
Sinclair Goldsmith	32	-23	88	32	Half year loss expected

WALL STREET

Few treats in a scary week

NASTY TRICKS have certainly outnumbered sugary treats on Wall Street in Halloween week as the spectre of recession has haunted the stock market with ever more frightening visitations.

The week began with a minor treat, when the Federal Reserve, responding to the deficit cutting budget agreement reached in Washington last weekend, signalled a quarter of a percentage point cut in the Fed Funds rate, the rate at which banks lend money to each other overnight.

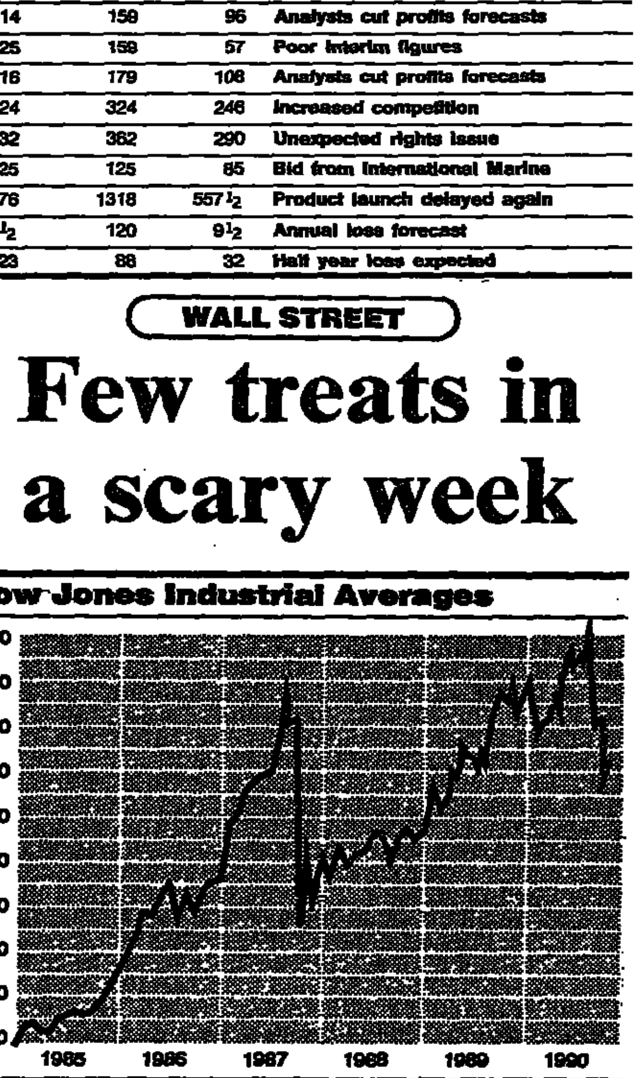
But since the Fed had virtually promised a cut as long as the politicians reached a credible budget agreement, the markets were unimpressed. The drop, from 8 per cent to 7.75, had long been factored into dealers' calculations. The focus of attention now is how soon the Fed will cut again.

With signs of economic distress mounting, most analysts expect at least another quarter point off Fed funds well before the end of the year. That should trigger a cut in the prime lending rate, although the commercial banks, suffering falling profits and growing portfolios of bad loans, want to keep their rates as high as they can for as long as they can.

The week also brought one distinctly positive economic indicator, with US GNP figures showing growth at an annual rate of 1.8 per cent in the third quarter, compared with a mere 0.4 per cent in the second - in spite of the impact of higher oil prices from the Kuwait crisis. This was much faster than most people expected.

A few economists argue that this demonstrates an underlying resilience, and that fears of recession are greatly overdone. But the majority suggest either than the figures are statistically unreliable, or that the downturn will hit hard in the fourth quarter, or both.

Dow Jones Industrial Averages



Certainly as the week wore on there was plenty of evidence to support the latter view. Thursday brought a drop in the US purchasing managers' index, a key measure of manufacturing conditions, to an eight year low and a level indicating contraction in the economy as a whole.

Yesterday yielded October employment data showing a 68,000 fall in non-farm payrolls, after a revised 52,000 drop in September, with manufacturing hit hard.

The dangers of recession and high oil prices were highlighted this week when the big three Detroit motor manufacturers produced their third quarter results. The most dramatic news came from General Motors, which announced a $2.1bn special charge for plant closures, which changed a slim $109m profit from operations into a $2bn net loss.

But the move was taken positively by Wall Street as signalling that GM's new chairman, Robert Stempel, is moving quickly to tackle the company's problems.

GM, battered by Japanese competition, has suffered from serious overcapacity for years but reached agreement last month with the United Auto Workers' union on a contract which makes it much easier, albeit costly, to shut factories. This quarter's charge covers not only four plants that have long been mothballed, but not shut for presentational reasons, but at least three others among its 38 North American plants which may not close for another two to three years.

Detroit's fourth quarter figures will not make very pretty reading either. Although demand for cars has been holding up remarkably well in recent months, dealers are now anticipating a weaker market and cutting back on inventories. That is translating into temporary closures at over 20 assembly plants, affecting over 50,000 workers.

As the economy falters, and the banks cut back their corporate lending,so the takeover business dwindles. The problem of raising finance was underlined at the end of last week by Ball Corporation's failure to raise $600m in bank loans to finance a European packaging takeover, apparently because it was classified as highly leveraged transaction. This is a type of deal which the banks are running scared of.

Yet amid all this gloom at least Kohlberg Kravis Roberts, the leading Wall Street buy-out specialist, had a crumb of comfort for its investors. It wants to top up its buy-out funds with an additional $2bn of equity, arguing that the markets' decline means there are well priced takeover opportunities out there, provided you know where to look. For those with strong nerves and a very long term perspective, the same probably applies to equity investment. So put that in your pumpkin and light it.

Monday	2430.20	– 5.94
Tuesday	2448.02	+ 17.82
Wednesday	2442.33	– 5.67
Thursday	2454.95	+ 12.62

Martin Dickson

SMALLER COMPANIES

Suitable cases for treatment

ALL THE attention being lavished on the Unlisted Securities Market at the moment is pushing its orphan further into obscurity. While the second tier faces question marks over its future there is an axe hovering over the Third Market.

At an IBC seminar on the market for smaller company shares last Monday, for example, and at a Price Waterhouse conference next Friday, the focus is the tenth anniversary of the USM and whether it can survive into the next decade. But what about the Third Market over the next few months?

At the end of the year, this most junior of markets will be phased out. No new entrants have been permitted since the beginning of 1990, and any companies which have not "graduated" to the USM or the list by December will revert to off-market trading under rule 535.2 of the Stock Exchange.

Few commentators seem likely to mourn the demise of the Third Market. It is normally mentioned disparagingly as "the market that failed." With only modest entry requirements, it has often been perceived as an all-too-easy way for companies without a track record to obtain a quote.

However, the charge is not universal. "I think the Third Market will be sadly missed," says Andrew Priestley, a director of corporate services at Allied Provincial, the securities house based in Leeds. "An incubation area has now closed down."

When the Third Market opened in 1987, he took advantage of the rules on start-up ventures to float ML Laboratories, which is developing medical applications for a glucose polymer.

The shares shot up from 70p to reach a peak of 528p a year ago, after an announcement by the company that it had developed the basis of a possible anti-viral drug, the applications of which could include the treatment of AIDS sufferers. The price has now settled at around 232p. Yet commercial production is probably still at least 18 months away.

Priestley was sufficiently impressed to begin backing a series of other ventures in the speculative medical and pharmaceutical businesses. Haemocell came first, joining the Third Market in December 1988. Biocure, Oxford Virology and Sempernova have followed.

Haemocell is the latest of these companies to be in the news. Next Thursday it launches a 1-for-4 rights issue to raise £2.8m. The enlarged group will then, subject to approval, join the USM via an introduction.

At the core of Haemocell's work is "vortex mixing" technology, devised by Dr Brian Bellhouse, head of the Medical Engineering Unit at Oxford University. A special dimpled membrane creates vortices in any substance which is pumped past it. It forms the basis for a system of filtering blood to separate out the red cells.

"System 350" apples the principle to blood "autotransfusion." The market for using a patient's own ("autologous") blood during surgery is growing rapidly, especially in North America. It has the advantage of vastly reducing the risk of infection or rejection, while providing warm blood which is instantly recycled.

The filtration system is low cost, deals with the highly emotive issue of blood infection, consumes a large number of disposables (each operation requires a new filter) and should provide "very healthy margins."

The company is rather coy about revealing too many details, since it is currently negotiating a series of contracts overseas. There has been limited production since August, and the system could be widely available in two or three months, according to Richard Btesh, Haemocell's finance director.

Investment in the company would inevitably involve a high element of risk. In the last two years, it has made operating losses of £906,000 and £387,000 respectively.

Picking the successful companies in a competitive market such as medical research is very difficult.

Allied Provincial has assembled a panel of expert academics to consult in confidence on any project. Ultimately "you can't evaluate them fully," says Andrew Priestley. "You have a gut feeling about something."

He adds that the firm takes its sponsoring role very seriously, finding finance directors and attending board meetings regularly.

"Nobody wants to get drawn into blue sky projects, or sucked into the R & D black hole," he says.

However, with the demise of the Third Market, the USM is not an option for many start-ups. Entry requirements demand the expectation of revenue within one year, while Priestley believes that these greenfield businesses often need three or even five years.

"The venture capitalists are too conservative," he says. The only alternative after the end of the Third Market will be to find a trade partner. "But I'm afraid some of these companies will go by the wayside for lack of funding."

Andrew Jack

COMPANY PROFILE

Top marks awarded to a born-again survivor

MARKS and Spencer; *everyone* knows all about M&S. If there is one blue chip share with which anyone could be comfortable, then it must be M&S.

After all, its shops are in all the best towns – not just traditional high street locations, but Paris and Barcelona as well. Its food range borders on the luxurious. Everyone knows that its clothes make up in price and reliability what they may lack in chic, and regular M&S shoppers will tell you that the chain has done more than most to expunge the memory of dowdy 1970s designs. Besides, the company's growth record speaks for itself.

Despite this, long-term investors in M&S shares have been through some bad times. Until this year, the shares had doggedly underperformed the market since 1986, apparently unable to break through the perception of M&S as a solid, but unexciting company.

Recently, however, the turnaround has been dramatic, driven not by a change in the group's fortunes, but by the market's new-found nervousness with those 1980s wonder stocks which had risen against a background of financial leverage and takeover mania. This year has seen M&S shares rise by around 17 per cent, while the market as a whole has fallen by a similar amount.

Wednesday's impressive interim results, with pre-tax profits up by 10 per cent and an 8 per cent dividend increase, set the seal on a 40 per cent outperformance to date and laid the ground for a full-year result which could put some of its retailing rivals to shame.

What excited the analysts who specialise in the retail sector were signs that M&S now has a group of businesses which have such competitive advantages that the company is much more than a defensive play in times of recession.

"For several years, the group appears capable of reeling off earnings growth in the mid teens, which would be surprisingly rapid for an ostensibly mature group of this size", noted one broker. That does not mean the shares will continue to perform with this year's power; but few investors will want to sell their holdings.

Think back a few years and the retailing revolution can be neatly encapsulated in the changes experienced by a typical M&S store. Even five years ago, many observers thought that M&S was a mature business with little potential to achieve fast growth. That was before the management team, under Lord Rayner, began an investment programme which has so far put £250m into information technology (IT) and electronic point of sale equipment.

From a base of 7m sq ft of floor space in 1985, M&S has re-modelled stores and expanded its selling capacity at the impressive rate of 5 per cent each year; but that forms only part of the story.

The IT drive has been the key to today's success, driving down operating and distribution costs, improving stocking times and reducing staff needs. The benefits of the investment programme are still feeding through, but it is evident that M&S has achieved a cashflow from its outlets which is second to none.

Within its stores, M&S has maintained strong profits momentum in its food departments, where turnover nearly matches that of clothing. Despite tough competition this division has kept high margins and a high profile by driving up-market.

The group has also seen its investment in Europe start to pay off. Its continental shops produced 40 per cent profits growth in the first half, and an ambitious store opening schedule should ensure that this division remains high-growth.

Also in 1985, M&S expanded into financial services, which now includes store cards, investments and personal loans. This business has excellent profits potential in the long term, although returns are relatively small at the moment.

There is one well-known problem area which blights the picture. Most analysts think that M&S would be better off if it had not bought Brooks Brothers, the troubled US quality clothing chain which makes much less money than M&S pays in interest to service its acquisition.

The collapse in consumer confidence in the US has hit Brooks Brothers' traditional tailoring market particularly hard and it looks as if it will be a further two years before M&S sees any return on its investment.

Andrew Freeman

Marks and Spencer

Breakdown of 1990 first half sales

Figures cover sales in UK, Europe and North America

PRE-TAX PROFITS AND EARNINGS PER SHARE

	1986	1987	1988	1989	1990
Profits (£m)	365.8	432.1	501.7	529.0	604.0
Eps (p)	8.4	10.4	12.2	12.9	14.5

Figures for year end to March 31

FINANCE & THE FAMILY

David Thomas, Clare Pearson and Juliet Sychrava look at the positive — and negative — aspects of the electricity flotation

A hefty premium is on the cards

THE LARGE number of individuals showing an interest in electricity privatisation increases the chance of a hefty premium on shares in the 12 regional electricity companies when dealing starts on December 11.

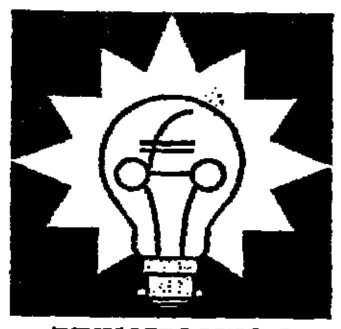
More than 6m people have now registered for electricity privatisation incentives, comfortably outpacing the numbers at the comparable stage of last year's water sale.

The all-time privatisation record stands at 7.5m registrations for British Gas which, government advisers hope, will be approached by November 14, the last day for registration for incentives.

Pricing of shares will not occur until November 21, but another mass of data on the companies was released yesterday on the publication of the pathfinder prospectus.

Taken together, the companies are forecasting "proforma" or full year dividends of £326.5m for 1990-91 (see accompanying table). These dividend forecasts are constructed on the assumption that the companies had been operating for a full year in order to allow year-on-year comparisons.

Most observers think that the government secured a relatively good dividend deal by driving down the dividend cover, which is forecast to be 2 for all the companies taken together in 1990. However, the low cover this year is partly explained by the companies' ability to recover a large chunk of profits — totalling £221m — next year under the the industry's price control rules (as explained in the adjacent article.)



PRIVATISATION

Institutional investors are likely to study the prospectus carefully for differences between the companies. Among the most important points are:

■ Dividends. There is good news on this with eight out of 12 companies forecasting that they will increase dividends "at least in line with inflation" or in "real" terms. Those using the term "real" are Eastern, Midlands, Norweb and Seeboard while Southern, for example, says its dividends should increase at least in line with inflation.

Yorkshire, Northern, South Wales and Manweb, the industrial companies, by contrast, confine themselves to saying they expect to pursue "progressive dividend policies."

However, analysts say it would be a mistake to read too much into the companies' statements. Although it is easy to imagine why the industrial companies have wanted to be more cautious, the precise form of words is likely to have reflected the personalities of the individual directors almost as much as the regional economic outlook.

More important, it is widely believed that the structuring of the companies prior to flotation has been designed to ensure that all of them will be able to achieve real dividend payments growth.

Against the background of the water companies, the government could hardly have failed to do this. All 10 of those companies are expected by the City to produce dividend increases substantially in advance of inflation this year.

■ Prospects: On the allied question of prospects, the relevant sections focus on economic and demographic trends which are the main determinants of demand for electricity. Despite current uncertainties, many companies are predicting continued expansion in their local economies.

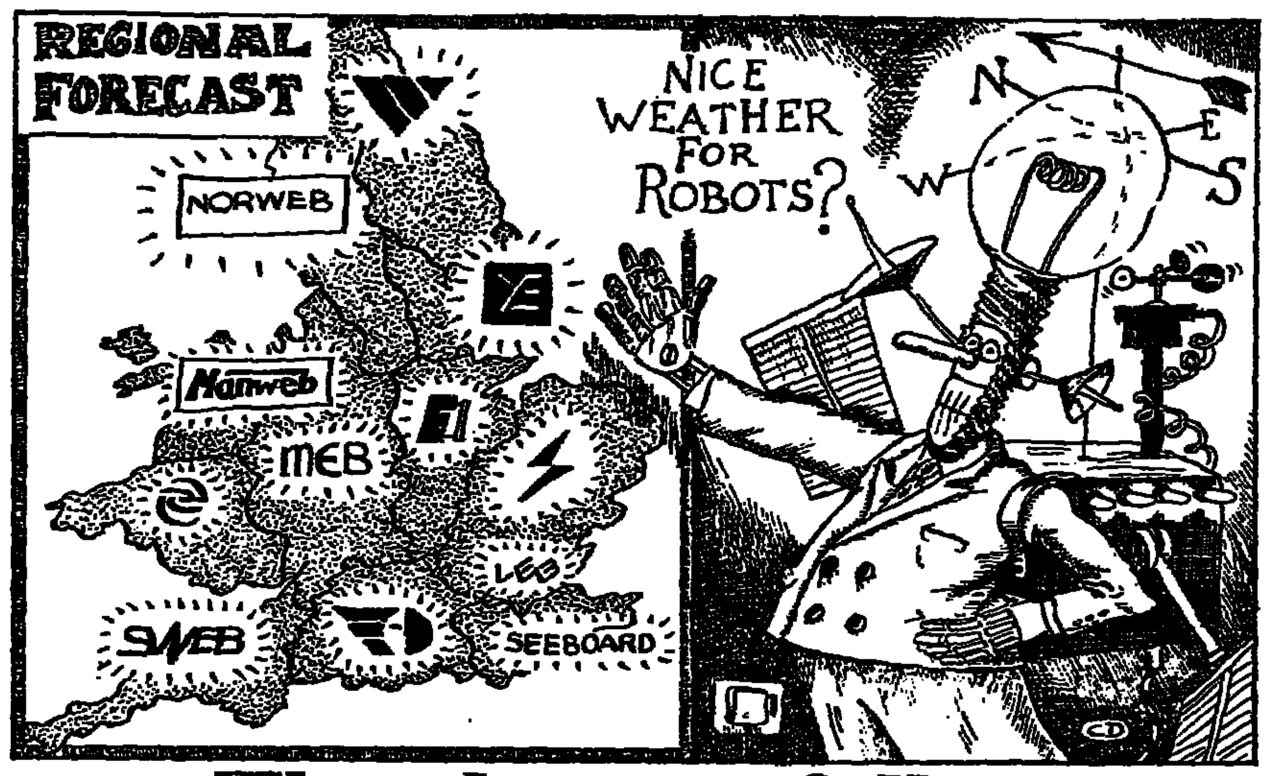
Companies such as Eastern and South Western, for example, say they expect their local economies to grow at a slower rate than in recent years. East Midlands says that although economic growth in its region has slowed down "it will continue to be above the national average." London and Southern predict a slower pace of sales growth.

Other companies, however, are vaguer. Manweb, for instance, confines itself to saying it looks forward to "further economic growth in the medium term." Midlands says that the change in the mix of industrial activity during the 1980s, with the reduction in reliance on heavy industry, "has improved the area's ability to withstand periods of decreased economic activity."

ELECTRICITY COMPANY FORECAST 1990—91 Full Year

£m	Dividends	Pre-tax profit*	Possible profit recovery
Eastern	39.0	92.1	26
East Midlands	32.8	76.3	26
London	32.5	77.1	27
Manweb	19.0	48.0	16
Midlands	31.5	79.0	33
Northern	20.0	53.9	2
NORWEB	27.0	68.8	(4)
SEEBOARD	18.8	46.9	25
Southern	39.0	88.5	28
South Wales	16.2	44.3	13
South Western	18.7	39.9	22
Yorkshire	32.0	96.5	7
	326.5	813.3	221

*Historic cost accounting



The clues to follow

FEW INVESTORS, whether individual or institutional, are going to plough through all 800 pages of the full prospectus for the 12 regional electricity companies. Yet the pathfinder prospectus, published yesterday, contains important clues as to what beasts these companies will be, once they have passed into the private sector next month.

One figure which does not appear in the prospectus is the target for the companies' earnings increases which the Government has had in mind during its pre-privatisation negotiations. Each company has been given a financial structure which should allow it to increase its real earnings annually by about 4 per cent over the next few years, if everything goes according to plan — which, of course, it will not.

The regional companies' actual progress will depend on profit performance in their two main areas of business: the distribution of electricity over their local wires which remains a monopoly; and the final supply of electricity to customers. The pathfinder prospectus sheds light on the complex factors likely to affect both these areas.

■ Distribution contributes the bulk of each company's profits — typically around 90 per cent, according to most analysts. Distribution profits are also likely to be stable, the prospectus says, reflecting the predictability of distribution revenues taken with companies' known ability to raise prices under their price control formulas.

The number of units flowing over the wires is the most important determinant of distribution profits, which will in turn depend largely on prospects for each company's local economy. "The total number of units distributed by all the regional companies taken together is expected to show a small increase over the medium term," the prospectus says.

However, it also warns of risks in the short term, since the economic slowdown will reduce the amount of electricity distributed, particularly to business customers. Unusually mild winter weather could also hit some regional companies, particularly those with a predominance of domestic customers.

Taking Seeboard as an example, it warns that "a significant shift in the weather from that allowed for could have a material impact on the operating profits of the distribution for the year".

Nevertheless, the basic stability of distribution profits allows the prospectus to say: "each regional company believes that, over the next five years, its distribution business should provide a sound basis for real earnings growth."

■ Supply, by contrast, is important for almost the opposite reasons to distribution: supply profits contribute a relatively small amount to the regional companies' total profits, but they are difficult to predict and volatile.

The unpredictability of the supply business stems from a number of factors, including the difficulties of forecasting the exact amount of final demand in each region, the lack of experience with the new market or pool which sets electricity prices, differences between companies in the extent to which they have hedged against the pool in their electricity purchase contracts and the need for companies to predict inflation in advance each year when setting prices.

Taking Seeboard again as an example, it warns that its supply profits are sensitive to the impact of weather on demand, unforeseen movements in pool prices and further sharp movements in oil prices. These uncertainties can feed through into great volatility in profits year-on-year because the supply business has very large costs and revenues, but small margins.

Seeboard, for example, is known to be forecasting substantial supply business losses this year. Its distribution business is predicted to contribute almost all operating profits this year.

However, a degree of protection is offered to investors by the regulatory regime that will govern the companies in the private sector. In particular, the regime allows companies to compensate for any under- (or over-) forecast of profits in distribution and supply in one year by adjusting its price increases in the following year.

Thus, Seeboard says that the price control regime should allow it to recover up to £25m in revenues this year (see accompanying table). Added to its forecast of pre-tax historic cost profit of £46.9m, this would give a maximum allowable profit for this year of about £72m, once the number of units it sells is taken into account.

All companies, except Northern, Norweb and Yorkshire, forecast relatively high profits recovery next year. But there may be difficulties in putting up the prices enough to match these.

Profiles of the 12 companies

by Clare Pearson, Juliet Sychrava and David Thomas

■ Eastern expects to produce "dividend increases in real terms." While its East Anglian base is prosperous, the company says its local economy may grow at a slower rate than recently. It warns that its supply business profits are sensitive to unusual weather conditions, further large increases in oil prices and price rises in the new electricity market, known as the pool.

■ East Midlands expects to increase its dividends "at least in line with inflation." It believes that local economic growth, although less than in the recent past, will continue above the national average. The company is short of contracts to hedge it against price movements in the electricity pool. It therefore warns that its supply profits are sensitive to oil prices and prices in the pool.

■ London says it intends "to pursue a progressive dividend policy . . . at least in line with inflation." Its prospects will depend on the efficient management and development of its main businesses of distribution and supply "in the context of local factors such as high operating costs and skills shortages."

■ Manweb's statement that it will pursue a progressive dividend policy is the briefest of the 12, and makes no comment on the relationship between future profits and dividends. The company, which is proud of its refusal to compromise this position during negotiations, is cautious about diversification, and notes that it has rejected all proposals to go into generation as uneconomic. Manweb is positive about its regional economy.

■ Midlands expects to be able to offer investors "dividend increases in real terms." Restructuring during the '80s means it is better able to withstand economic downturns. It warns that its pattern of electricity purchase contracts makes its supply profits vulnerable to sustained cold weather and to price rises in the electricity pool.

■ Northern cautiously states that it will pursue a progressive dividend policy broadly in line with its underlying financial performance. It expects to increase the distribution business through an emphasis on cost-cutting. Primarily industrial, the region will experience only modest growth. Northern believes its portfolio of supply contracts offers good protection from fluctuations in oil prices or a high pool price.

■ Norweb intends to increase the dividend in real terms. Unlike the other 11, its pro-forma profit forecasts specify exceptional costs relating to its cable network, which result in a current cost post-tax loss of £10m. Because of its contract cover, Norweb is especially sensitive to falling pool prices. It expects its regional growth to be below average.

■ Seeboard expects to produce "dividend increases in real terms." It points out that its distribution business is particularly reliant on the domestic sector, making it sensitive to weather and economic conditions. The company expects local economic growth to continue, but at a lower rate. Volatile oil prices, exceptional weather changes and rises in the wholesale electricity price would significantly affect supply.

■ Southern, covering a region which has particularly robust economic growth prospects, intends dividends to increase "at least in line with inflation." It expects the services sector to continue as an important engine of sales growth. But there is little prospect of immediate growth in its domestic sales. The company warns supply is vulnerable to volatility in oil prices, rises in the wholesale price of electricity and unusual weather.

■ South Wales's dividend comments are cautious, committing it only to "a progressive dividend policy." Prospects for the local economy are described as "favourable," although the company adds that growth rates may be lower than in the last five years. The company warns that abnormal weather conditions could affect its distribution and supply businesses. The company's portfolio of electricity purchasing contracts gives it some protection against most movements in the new electricity price market or pool.

■ South Western expects "to pursue a progressive dividend policy which should lead to real growth in dividend payments." It warns of constraints to growth in its domestic customer base. Growth in total unit sales is expected to spring mainly from the commercial sector. Supply profits are vulnerable to unusual weather changes, volatility in oil prices and increases in electricity prices in the pool.

■ Yorkshire expects to increase dividends in line with underlying profits and cashflow. Although sales are unlikely to rise, given the static regional outlook, the distribution business will grow through cost-cutting. The company says the supply business will be specially vulnerable to variations in oil prices and unforeseen movements in the electricity pool.

FINANCE & THE FAMILY

Those thinking of changing jobs can preserve benefits by waiting until January 1, advises **Eric Short**

A New Year's revolution for pensions

EMPLOYEES who want to change jobs should, if they can, wait until the beginning of next year before moving.

On January 1, the relevant provisions of the 1990 Social Security Act come into operation. These could enhance, by offering limited indexation, the benefits available to job changers from salary-related company pension schemes.

Any enhancement of the company pension benefits given to employees changing jobs is to be welcomed. A recent survey by Bryn Davies, an actuary and director of the Pensions Investment Research Consultants, showed that job changers get lower benefits than those who stay, in spite of the efforts of successive governments.

And last week's report from the Occupational Pensions Advisory Service (Opas) showed that many job changers have problems getting information on their pension benefits, that the benefits are incorrectly stated and that there can be further delays having benefits transferred to another pension scheme.

Employees changing jobs should try to understand their benefit entitlement when they change, rather than wait until retirement looms before querying what a previous employer has provided.

Last week's report from Opas revealed that the most common pension complaint related to employment changes made many years previously. Often the employees had not received the full benefits to which they were entitled.

An employee changing jobs has several options depending primarily on the length of membership of the company pension scheme. If that is less than two years, then employees are usually entitled to a refund of their contributions, less a tax deduction. The scheme may allow the employee to opt for a deferred pension.

However, if employees have been members of the scheme for two years or more, then the law does not permit any cash refund of contributions.

Instead, the employee either has to take a deferred pension, sometimes referred to as a preserved pension, with the old scheme or take its cash equivalent, known as a transfer value.

Discussions on the problems of early leavers tend to concentrate on the low level of transfer values. However, the core of the early leaver benefits, and the cause of some of the injustices in transfer values, is the deferred pension.

The immediate value of a deferred pension is based on the benefit accrual rate of the scheme, the number of years in the scheme and the pensionable earnings at the time of leaving. This pension would be paid to former employees once they reach the scheme's normal pension age.

A male employee currently earning £30,000 with 10 years membership in a scheme which provides pension benefits at age 65 for men of 1/60th of earnings for each year of service, would have a deferred pension of 10/60ths of £30,000, that is £5,000, payable from age 65. Spouse's benefits would be scaled down pro rata.

Job changers get lower benefits than those who stay, despite repeated government efforts

So far, so good. And this is all the information that the employee is legally entitled to and usually all the information that will be provided by the administrators. However, it is not the end of the story.

The value of this deferred pension has to be upgraded to offset inflation and this is where complications arise. If the company scheme is contracted out of Serps (State Earnings Related Pension Scheme) – and most schemes are – then the pension consists of two components.

The first is the GMP (Guaranteed Minimum Pension) element – the equivalent to the Serps pension. Under Social Security legislation this has to be revalued either at 7.5 per cent a year or on some other basis that allows fully for inflation. Any shortfall in this revaluation is made up from Serps.

But with the non-GMP element, the current system is to split this element in two parts – those benefits which accrued before 1985 and those which accrued from 1985. The post-1985 portion must be revalued each year in line with the Retail Price Index up to a maximum of 5 per cent. But there is no obligation to revalue the pre-1985 element.

However, many schemes have revalued the whole non-GMP element at RPI up to 5 per cent, though more to avoid administrative complications rather than to give fairness to job changers.

All public sector schemes guarantee revaluation of deferred pensions at the RPI rate without any ceiling. A few private sector schemes run by fair-minded employers also revalue deferred pensions at the RPI rate without any limit, though without giving a complete guarantee of the basis.

From next year all schemes will have to revalue the whole non-GMP element at RPI up to 5 per cent. Hence the advice to employees considering changing jobs to wait until January 1 before making any move, though the advice obviously only applies if the scheme has so far not been revalued in line with inflation.

Two significant inequalities remain. First, the stayer has accrued benefits revalued in line with the growth in earnings. This is the underlying basis of paying pensions relating to the final salary. In contrast, the job changer, at the very best, has accrued benefits revalued in line with price rises. Over the past three decades, earnings have, on average, risen by 1.5 percentage points each year more than prices.

Second, on top of this inequality, a 5 per cent ceiling in imposed on the price revaluation. With current inflation over 10 per cent, this is a drastic cutback.

Bryn Davies estimates that, with earnings growth averaging 8 per cent a year and prices rising at 6 per cent a year, the non-GMP deferred pension of a job changer with 10 years service could be in the range 30 to 60 per cent below the equivalent non-GMP pension of a stayer.

Next week, we will discuss how the equivalent cash transfer value is calculated from the deferred pension and further articles will describes the various options available to job changers in investing this transfer value.

Harry Hopkins urges investors to throw away their circulars

Advice, and other bumph

A WEEK rarely goes by without another letter dropping on the doormat offering financial advice, uniquely "tailored to your needs."

What these writers do not seem to realise is that more advice is about the *last* thing the private investor needs: it is the one commodity always in over-supply. Indeed, it is a positive embarrassment. It comes at him – or her – from all directions: brokers' circulars; Sunday newspapers; unit trust managers; multiplying TV "city" slots; radios crackling with sepulchral Wall Street voices; widely advertised tip sheets; and now – at 44p a minute – telephoned tapes, one being disarmingly, and aptly, called "The Risk of the Week."

Much of it is contradictory, or variously self-interested. Some recommendations can prove disastrously wrong within the week. Fortunately for the advisers, hope springs eternal – yet, ironically, the sheer volume of their output is in danger of becoming one of the worst obstacles to the wider share ownership ardently desired by the CBI.

What can the mere private investor do to keep his head above the flood? First, perhaps, he can resolve to throw away all he cannot understand – and the more precise and authoritative it is the further he should throw it. He should refuse, in short, to be "blinded by science", a process brought to dazzling new heights with the proliferation of chartists and computer models. Charts, admittedly, can vividly clarify the patterns of the recent past, but – as Saddam Hussein has illustrated – yesterday's patterns may not be tomorrow's.

The private investor can do himself a service by keeping his feet on the ground, and using his common sense. It will be time to pay attention to the chartists when they can demonstrate their "gains" week by week, over years, in the same way that the fundamentalist Mr Bearbull has long done in the pages of the *Investors Chronicle*.

Then there is the mysticism of The Market, an omniscient god, which thinks this, or has already discounted that. Surely a more useful icon for the private investor would be the image of a Victorian maiden aunt, sometimes discerning, but often trembling on the verge of hysteria, resolutely averting her eyes from things a lady should not see.

With the smelling salts, so to speak, always at the ready, the investor can profit from these weaknesses. For example, it took the market more than two years to appreciate the changing nature of ICI – and the delay was profitable to investors who trusted their own eyes. Time and again, the penny is slow to drop.

The role of the private investor is surely to get down to brass tacks, even though he may be told that brass tacks are not relevant to our service economy. A focus on real businesses and situations could be rewarding, in more ways than one, often revealing a larger picture. Accountants may focus on gearing, price-to-earnings ratios, dividend cover and the rest but, given a minimum statistical test, there can be as many approaches as there are investors.

For instance, in the upwardly-mobile suburb I inhabit, fashionable restaurants come and go. But Jack's café, cosily redolent of bacon and eggs, a home from home for many working men from a mile around, goes on for ever: 30 years and more to my knowledge

. This leads me to conclude that Tom Harrison, chairman of the Norfolk House Group, a petrol retailer, had a very bright idea when he set up his Truckers chain – now expanding – to fuel both HGV drivers and their thirsty juggernauts.

Advice and opinions are always in over-supply but information is often hard to come by and often deficient when it is obtained. But through observations, common sense, scrutinising company reports, clipping newspapers, keeping ears open at annual meetings we may perhaps make some half-informed guesses. Eternal vigilance and alert opportunism must be the motto.

In one of his celebrated James Bond novels, Ian Fleming tells us that Bond never played the market unless he was sure, and then he played itin a big way. Lesser mortals can rarely be sure. But by learning to admit our doubts, we may possibly develop the qualities that distinguish the successful investor – if he, too, is not another Stock Exchange myth.

Sara Webb reports on a new ruling on price discounts

Cash is king as credit counts the cost

IF YOU CARRY a fistful of plastic cards in your wallet, it could be time to review your finances.

John Redwood, under secretary for trade and industry, announced this week that shops in the UK would be allowed to offer discounts on goods to those customers who paid with cash rather than by credit card.

This follows the recommendation by a recent Monopolies and Mergers Commission report to abolish the so-called "no-discrimination rule", part of the agreement between credit card organisations and retailers which states that retailers must charge *all* customers the same amount regardless of whether they pay for goods by card or cash. Visa International's appeal against the MMC ruling was dismissed by the Appeal Court last month.

By March next year, retailers will be allowed *but not obliged* to offer a discount to customers who want to pay by cash. The Department of Trade and Industry said that retailers would be allowed to set higher prices for goods if customers paid with credit cards such as MasterCard and Visa, but that the ruling would definitely not affect charge cards such as those issued by American Express and Diners Club. Nor will it affect direct debit cards or cheques, for that matter.

So, if you carry a lot of plastic you should take three factors into consideration:

■ First, if you regularly allow interest to accumulate on your credit card, bear in mind that the APR is still very high, so you would be wise to pay your bills promptly or use cash;

■ Second, you should check whether your credit card is now charging you an annual fee. Barclaycard has introduced an £8 fee while Lloyds charges a £12 fee for its Access card, and many people think it is only a matter of time before other credit card issuers follow suit;

■ Third, if credit card payments turn out to be more expensive than cash payments, it may make more sense to use a charge card or a debit card instead.

The reaction to Redwood's statement this week has been mixed and it is not clear how widespread dual pricing will become once it is introduced.

It is already possible for customers to negotiate a discount for certain consumer durables – such as compact disc players – in some shops if they are prepared to pay cash.

In future, it seems more likely that the small retailers (which currently pay up to 5 per cent of the purchase value to the credit card organisation if goods are paid for by credit card) will favour cash discounts, rather than the large retailers which can often negotiate charges of less than 2 per cent with the credit card organisations.

In future, however, retailers will not be allowed to offer a discount of more than the charge paid by the retailer to the credit card organisation.

Both American Express and Barclays said that on the basis of talks they have had with retailers, they do not think that dual pricing will be very widespread.

This is partly because retailers are facing tough times and may feel obliged to take whatever form of payment the customer prefers. Amex also pointed out that a lot of retailers have invested heavily in automatic authorisation equipment for credit card transactions and would be reluctant to waste this investment.

Meanwhile the Consumers' Association welcomed the decision to allow "dual pricing" on the grounds that "there is no reason why the cash customer should continue to subsidise the credit card payers."

However, it expressed its concern that customers could face considerable confusion over pricing. Simon Hinde of the Association said it was important that customers should receive ample warning that they could face a surcharge on goods if they paid by credit card, both on the door of the shop and at the point of sale.

The new system of dual pricing will force retailers to display separate prices for goods and handle more cash (which could prove more expensive and riskier from a security point of view for the retailer). From the customer's point of view, it will probably be less convenient to carry cash or to have to nip around to the nearest cash dispenser machine if you decide to buy something on impulse.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Beckman 'A'	295,000	177	1
Costain	15,000	31	1
Derwent Valley	8,400	54	1
Eurotherm	15,000	29	1
Fisons	3,213	12	1
Refuge Group	10,000	60	1
Schroders	3,092	19	1
Smith (W.H.)'A'	13,000	47	1
Unidare	11,548	28	1
Watmoughs	52,650	156	1
Yule Catto	85,131	74	1
PURCHASES			
CRT	15,000	14	1
ERA	480,000	58	1
Fairway	25,000	11	1
Filofax	347,412	76	1
Forward Technology	600,000	75	3
Great South'n(Conv)	100,000	77	1
Inoco	300,000	21	1
Jacques Vert	7,500	10	2
Mucklow(A.J.)	65,000	70	1
Property Trust	1,040,000	13	2
Rutland Trust	350,000	42	1
Slough Estates	6,350	15	1
Waterglade Int (A)	36,000	16	3
Waterglade Int ord	35,000	14	2
Whitegate Leisure	500,000	71	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 22-26 October 1990.

Source: Directus Ltd, Edinburgh

FILOFAX had a five-for-nine rights issue in June, underwritten by Tranwood Earl, with a number of new institutional shareholders becoming involved. One of these new directors has made a significant personal investment in the company at prices between 17p and 22.5p.

Jacques Vert, the ladies' fashion company, has seen all four directors buying following a warning on current trading and subsequent sharp drop in share price. The joint chairman and managing directors sold shares worth £1.75m in September last year.

Waterglade International, a small property company, has announced the sale of £30m worth of property in Germany. Following this three directors, including both the chief executive and finance director, have added to their holdings. The stock sold in Schroders and Beckman 'A' shares went to a relation and a charity respectively.

Angus Macdonald, Directus

CASEBOOK

The risk in paying intermediaries

IF YOU take out a life policy at the suggestion of a financial adviser, you should always make out a cheque out to the life company rather than to the Fimbra member. That must be the lesson of the sorry experience of Ernest Day.

Day was a client of a Midlands-based financial adviser called Richard Bruce. In April 1987, he decided to purchase a whole-of-life single premium policy from Target Life. He gave a cheque for £10,000 to Bruce, who then sent his own cheque from a client account to Target. Unfortunately, all was not well with Bruce's finances. His cheque bounced – as did other cheques he sent on behalf of a number of different clients – and Bruce has since been jailed for fraud.

Target immediately cancelled the policy and wrote to Bruce to tell him so. But the life company did not inform Day of the problem – indeed, quite the contrary. In November of that year, Day called Target to check that he did indeed have the policy with the company. Because of a mistake in its records, Target wrote back to confirm that he did and even attached a copy of the policy document.

When Day found out about the arrest of Bruce, he again contacted Target. They now told him that the policy had been cancelled and denied liability. A legal adviser wrote that "the position in law is well established that an independent intermediary is the agent of the client."

Target's initial attitude was not typical. Other clients of Bruce formed an action committee and they cite, for example, Standard Life, which restored a unit trust holding to an investor at the original price he believed he paid.

Meanwhile, Ernest Day has been trying to get his money back. The policy was arranged before the investor's compensation scheme started, and Target initially offered just £2,000. However, the good news is that yesterday Target told Casebook that it would be restoring Ernest Day's policy as if the problem had never occurred.

But could the same problem happen now? Target says that if a cheque from a financial adviser bounced, alarm bells would sound and it would prompt an investigation. It also says that it has tightened up its administration to prevent people being told they have policies when they have in fact been cancelled. Fimbra says it would also launch an inquiry if a member's cheques were bouncing. Neither would commit itself to say that the client would be told of the problem immediately.

If the case were repeated, the client might receive compensation but it would probably take some time. There may be some circumstances – when for example you are buying several products through the same adviser - that it might be administratively convenient to pay the cheque to the adviser, although only if he is licensed to handle client funds. But when buying one clearly identified product from one company, it must always make sense to make the cheque directly payable to the life or insurance group concerned.

Philip Coggan

THE WEEK AHEAD

British Petroleum and **Shell** will be reporting huge increases in third quarter net earnings on Thursday but these will include the increased value of oil held in stock thanks to the Gulf crisis. Since this is bound to be wiped out when oil prices fall the official figures, based on historic cost accounting, will not mean much.

Netting out stock gains, BP's bottom line may be as low as £60m, compared with £265m a year ago. BP's accounting procedures have delayed the full impact of the oil price increase, and oil production in both the North Sea and Alaska has been lower. Chemicals and refining earnings should be lower.

Shell will be doing relatively better, with earnings minus stock gains not much different from last year's £667m. The higher oil prices work through faster to Shell's bottom line, and its chemicals business has proved more resilient.

Associated British Foods, the milling and baking group, should report on Monday interim pre-tax profits of about £122m, up from £111.3m a year earlier.

ABF is likely to write down the value of its 23.6 per cent holding in Berisford International, taking the provision as an extraordinary item.

SmithKline Beecham, the international pharmaceutical and consumer products group, is expected to announce continued strong earnings growth when it reports third quarter results on Thursday. The City is looking for pre-tax profits of around £215m, compared with £168m for the same period last year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Birmingham Mint	85*	82	80	12.19	IMI
Carroll (P.J.)	Ir160*§	Ir153	Ir125	Ir72.84♦	Rothmans Intl.
Chestergate ‡	6½*	7	7	1.07	Farr
Connell	194*	194	135	46.3	Scottish Widows
Foseco	275*	280	186	236.8	Burmah Castrol
Klark-Teknik	69*	68	63	11.00	Mark IV
Lowe Grp.	430	424	265	111.65	Interpublic
Mount Charlotte ‡	73*§	72½	59½	392.66‡	Brierley Invs.
Priest (B.)	112*	112	90	44.9	Intl. Marine.
Priest, Marians	34§	34	30	4.80	Grovewood Secs.
R & V Information	19*§	19	16	0.59☆	Bos

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 2/11/90. †At suspension. §§Shares and Cash. ‡ Value of 61.1% not already owned. ♦ Value of 61.3% not already owned. ☆ Value of 3,122,850 shares not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo-Park Group	June	404	(1,770)	4.4	(30.6)	3.0	(-)
Barratt (Henry)	Aug	12,500	(10,100)	20.0	(20.9)	5.85	(5.1)
Bett Brothers	Aug	4,300	(4,350)	18.6	(18.9)	6.4	(5.8)
Daks Simpson	July	4,160	(5,300)	41.4	(51.4)	11.75	(10.5)
Fenner	Sept	16,100	(13,300)	22.3	(20.3)	8.55	(8.1)
Govett Strategic	Sept	9,680†	(5,730†)	9.83	(5.79)	6.5	(5.5)
GR Holdings	June	1,620	(7,260)	6.0	34.0	1.75	1.75
Haemocell	Aug	906 L	(387 L)	-	(-)	-	(-)
Klark-Teknik	July	1,600	(1,130)	6.7	(4.7)	1.95§	(1.4)
London & Strath.	Aug	1,050†	(906†)	7.2	(6.2)	5.45	(4.8)
Low (William)	Sept	21,300	(17,600)	28.1	(22.3)	7.75	(6.5)
Lowland Invest.	Sept	-	(-)	8.78	(7.04)	7.75	(6.0)
Majedie Invest.	Sept	3,425♦	(2,934♦)	9.36	8.02	6.0	5.5
New Frontiers	Sept	1,270†	(818†)	1.27	(0.82)	1.0	(0.8)
Smart J & Co	July	3,760	(3,140)	24.8	(20.7)	7.2	(6.4)
VTR	Aug	1,280	(1,250)	10.6	(11.0)	3.3	(3.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberfoyle	June	574	1,540	-	(-)
Atlantic Resources	June‡	419 L	(2,840 L)	-	(-)
Barlo Group	Sept⚘	2,090 L	(1,190 L)	-	(-)
Bioplan Holdings	Sept	1,020	(-)	-	(-)
Blacks Leisure	Sept	1,800	(842)	1.0	(1.0)
Bradford Property	Oct	10,470	(8,120)	1.7	(1.5)
British & Amer. Film	June	575	(388)	3.0	(2.65)
Channel Tunnel Inv.	June	0	(3 L)	-	(-)
Clayton Son & Co	June	18	(115)	2.5	(2.2)
Conrad Continental	June	469 L	(303)	-	(1.0)
Craig & Rose	June	42	(40)	2.0	(2.0)
Cullen's Holdings	Aug	339	(317 L)	-	(-)
Daily Telegraph	Sept♣	29,700	(28,900)	-	(-)
Davies & Newman	June	18,700L	(7,660)	4.5	(-)
Delyn Packaging	July	315	(305)	0.45	(0.45)
Durham DG Group	June	484	(475)	1.0	(1.0)
Fleming Euro. Fledg.	Sept	195†	(-)	-	(-)
Fleming Universal	Sept	1,900†	(1,560†)	0.6	(0.6)
Food Industries	June⚘	2,690	(4,050)	1.6	(1.6)
Gresham House	June	-	(-)	3.0	(3.0)
Jackson Group	June	1,020	(1,270)	1.0	(1.0)
Leigh Interests	Sept	6,720	(3,480)	2.4	(2.22)
Lendu Holdings	June	116 L	(95 L)	-	(-)
Marks & Spencer	Sept	230,300	(208,700)	2.0	(1.85)
Moss Brothers	July	1,100	(1,770)	1.5	(1.5)
Powerscreen Int'l.	Sept	9,010	(8,050)	1.6	(1.45)
RBC Far East & Pac.	Sept	68‡	(14 L‡)	-	(-)
Reed International	Sept	109,000	(128,000)	5.0	(4.6)
RIt Capital Partners	Sept	8,260	(5,470)	-	(-)
St James's Place Cap	Sept	9,300	(58,500)	1.5	(5.0)
Securities Tst Scot.	Sept	5,850†	(5,040†)	1.02	(0.9)
Shiloh	Oct	302	(510)	3.37	(0.87)
Thames Water	Sept	113,000	(81,000)	6.0	(-)
Usborne	June	739	(1,260)	0.5	(0.5)
Usher-Walker	June	149	(808)	3.5	(3.5)
Vivat Holdings	June	1,030	(1,340 L)	-	(-)
Westbury	Aug	5,100	(18,200)	3.25	(3.25)
Whittington	June	746 L	(151)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.♦ Net revenue before taxation.† Net revenue.‡ Net income quoted in US dollars.§ Dividend includes special interim of 1.2p.♣ Figures for 9 months.⚘ Figures quoted in Irish punts & pence.

RIGHTS ISSUES

Craton Lodge & Knight is to raise £2.45m via a one-for-two rights issue at 2p.
Haemocell is to raise £2.5m via a 1-for-4 rights issue at 90p.
Low (William) is to raise £37.9m via a one-for-four rights issue at 280p.
Vivat Holdings is to raise £7.3m via a one-for-three rights issue at 55p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bailey C H	Wednesday	-	-	-
Bellway	Thursday	4.0	7.0	4.0
Bibby J & Sons	Wednesday	2.75	5.75	2.75
Bremner	Friday	-	-	1.0
British Empire Sec & Gen Tst	Friday	0.25	0.46	0.25
Colorgen	Monday	-	-	-
Drayton Consolidated Trust	Wednesday	3.75	11.25	4.25
National Home Loans Holdings	Thursday	3.26	4.74	3.75
Rand Mines	Tuesday⚘	120.0	440.0	120.0
Stanhope Properties	Thursday	-	0.1	-
Tiger Oats	Tuesday⚘	19.4	35.1	22.0
Wharfedale	Tuesday	-	-	-
INTERIM DIVIDENDS				
Allied Irish Banks	Wednsdy♦	3.25	4.25	-
Appleby Westward Group	Thursday	2.5	5.5	-
Associated British Foods	Monday	3.3	7.7	-
British Petroleum Company	Thursday●	3.65	3.85§§	-
British Telecommunications	Thursday	4.65	7.15	-
Burnfield	Monday	1.55	3.85	-
Comac Group	Tuesday	-	-	-
Cook (William)	Monday	4.5	8.0	-
GEI International	Tuesday	2.35	4.85	-
German Investment Trust	Tuesday	-	-	-
German Smaller Companies I.T.	Tuesday	-	1.2	-
Gleves Group	Wednesday	1.5	2.7	-
Henderson Administration Grp	Tuesday	10.0	27.5	-
Hicking Pentecost	Thursday	0.5	1.5	-
King & Shaxson Holdings	Thursday	2.5	7.75	-
Malvern UK Index Trust	Friday	-	-	-
Oxford Instruments Group	Friday	1.2	2.7	-
Parkland Textile Holdings	Friday	2.2	4.5	-
Premier Group	Thursday⚘	25.0	35.0	-
Prowting	Monday	1.7	3.3	-
Rachem Environmental Services	Tuesday	3.5	6.5	-
Renold	Monday	1.2	2.5	-
Royal Dutch Petroleum	Thursday●	3.25§	4.4§	-
Sainsbury J	Wednesday	1.75	4.35	-
Shell Transport & Trading Co.	Thursday●	7.7	10.7	8.4
Smith St. Aubyn Holdings	Thursday	-	-	-
Smithkline Beecham	Thursday●	2.0	3.2#	3.4
South African Breweries	Wednesday⚘	25.0	78.0	-
Storehouse	Thursday	2.5	2.5	-
Stormgard	Wednesday	0.1	1.0	-
Unilever	Friday●	4.51	12.24	-
Warner Howard Group	Wednesday	1.58	2.94	-
Waverley Mining Finance	Monday	-	-	-
Wolpac	Thursday	-	0.55	-
Worth Investment Trust	Tuesday	-	0.12†	-
Yorklyde	Thursday	4.0	5.7	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.⚘ Dividends quoted in South African cents per share.† Dividend payment for 7 month period to 31/3/90.● 3rd quarter figures.♦ Dividends quoted in Irish punts & pence.§§ 4th interim dividend.§ Figures quoted in Dutch guilders per share gross.# 2nd interim dividend.

FINANCE & THE FAMILY

Company accounts should be treated sceptically, says **David Waller**

Facts behind the figures

THERE IS something apparently reassuring about a set of accounts. The figures all add up. The balance sheet balances. All the numbers are stated to perhaps two decimal places, suggesting a comfortable degree of precision. The main figures are supplemented by copious, informative notes. To cap it all, the figures are audited, endorsed by a reputable firm of accountants.

Do not be fooled, however, into thinking that the very bulk and detail of the information, or the presence of the auditor's signature at the foot of the accounts, provide any guarantee as to the real state of the company's business affairs. Investors should treat accounts with a healthy degree of scepticism.

This has become especially clear in recent months, a period in which a number of large companies have collapsed. Look at their latest accounts and there is virtually no indication of impending doom. At one moment Polly Peck, Coloroll and Parkfield were valued by the the stockmarket at £2bn, £420m and £260m respectively, valuations propped up by audited figures: at another, they were worth virtually nothing.

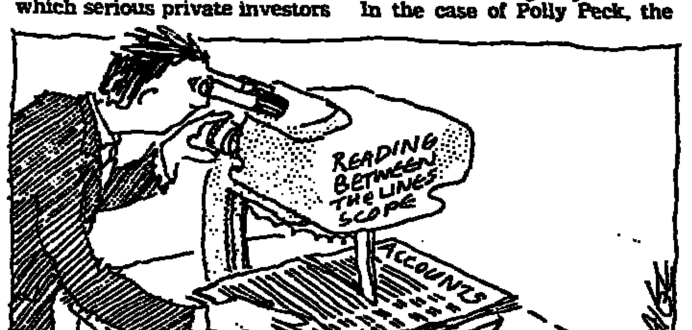
What non-accountants fail to realise is that accounts are inherently subjective, the product of often flawed human judgments. Every item in a company's set of accounts – from the value of this year's stock which is so crucial a determinant of profits, to the figure for cash itself – is subject to distortion and manipulation. Auditors do no more than take a view on whether those accounts are "true and fair".

Precisely what "true and fair" means is a matter of intense debate in the accountancy profession. The arguments often seem arcane to outsiders: if at one minute a company's accounts are produced without any "qualification" – without the auditors expressing any reservations about the figures – and a week or two later the company goes bust, how could the figures possibly have been "true and fair"?

This is a sensible question, but one which accountants parry with ingenuity. "Ah well," an accountant might say, "the point is, were the figures 'true and fair' at the balance sheet date? Was it not eminently reasonable for the auditors to accept those figures *at that time*? Remember, the auditor did not have the benefit of hindsight."

Not much consolation for those who lost money because they relied on audited figures. The position is made worse in the aftermath of a legal decision earlier this year, in the Caparo case. The tenor of what has by now become a famous judgment, was that auditors' responsibilities towards would-be investors are strictly minimal.

One of the first lessons which serious private investors learn is How to Read a Set of Accounts. If accounts are so meaningless, perhaps all that slog through the rudiments of double-entry was not worthwhile. But accounts are not totally devoid of useful pointers to the future and the careful reader will – in most cases – be able to spot warning signs.



In today's dire economic conditions, what counts is cash rather than profits. That distinction is crucial and is often not understood by private investors. Cash is the lifeblood of a business, while profit is an accounting invention. Cash sits there in the bank, is used to pay interest and dividends: it tangibly exists. Profits, in contrast, are a function of assumption and judgment.

Certain ratios assume a particular importance at times like these. The so-called liquidity ratio measures liquid assets such as cash, relative to current liabilities. The quick ratio tells you what would happen if the company had to settle with its creditors straight away.

Gearing, the ratio of debt to shareholders' funds, is also an important barometer of a company's well-being, although professional analysts are now more interested in the relationship between cash-flow and interest payments. This dependence on a different measurement reflects the ropiness of today's balance sheets: too many of them have become corrupted by jiggery-pokery such as brand accounting.

Often, in the case of companies which collapse, cash and profits go in opposite directions for some time beforehand: reported profits climb, while cash is leaving the business in ever larger quantities. In the case of Polly Peck, the company reported pre-tax profits of £144.1m in 1988 and £161.4m. According to sums done by a leading firm of accountants, the cash outflow – on trading activities alone – was £63m in 1988 and £128.7m in the following year.

These figures are calculated by adjusting pre-tax profits to reflect items which do not involve cash – for example, depreciation – and then deducting any increase in working capital. They do not take account of money spent on acquisitions, capital equipment and so forth: that figure in Polly Peck's case was £735.1m in 1989 (up from £226m in 1988), met by an increase in borrowings of a massive £686.9m.

It takes a fairly sophisticated reworking of the company's Source and Application of Funds Statement to arrive at these figures, and private investors may be forgiven for having missed these particular warning signals: plenty of professional analysts and lenders did as well.

One area of comfort ought to have been the cash balances: £249.3m in the consolidated balance sheet at December 31. But, as Asil Nadir's desperate attempts to get hold of that cash have shown, it was not forthcoming when it was needed: it could not be repatriated from whatever Northern Cypriot bank accounts it was sitting in, and all that was left was the cash in the parent company's bank account, just £6.8m at the balance sheet date.

In the case of Polly Peck, there is a special reason for the estrangement between profits and cash flows, namely the way the company accounted for movements in exchange rates. This is a fiendishly technical area, but in essence the losses were booked to the balance sheet – as is allowed under accounting rules – while the profit and loss account benefited from any favourable movements.

Two accounting experts, Geoffrey Holmes and Alan Sugden, comment that the write off against reserves in 1988 amounted to £170m – £25m more than reported profits. And interest receivable of £27.8m on soft currency loans was netted off against £40.6m interest payable on borrowings mainly in hard currencies; in the profit and loss account, only the net £12.8m figure was shown.

On the recommendation of Holmes and Sugden, in the recently published new edition of their classic work on the interpretation of accounts*, look out for: companies which have made lots of acquisitions (the rules here are particularly vulnerable to distortion) and those which appear to have exploited too-flexible accounting rules.

A fundamental problem is that accounts are not forthcoming enough about the precise constituents of profits and they do not spell out clearly enough how much cash is flowing through the business. The Accounting Standards Board, the body responsible for accounting rules, is thinking about reform in this area: it ought to hurry up.

* *Interpreting Company Reports and Accounts, by Geoffrey Holmes and Alan Sugden, 4th edition, Woodhead-Faulkner, h/b £39.95 p/b £17.95.*

Effect of AVCs on early retirement

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I am a member of a company pension scheme in which the normal retirement age is 62. I have been contributing to the company's arranged AVC (additional voluntary contributions) scheme, which at present is considerably overfunded.

In view of this I asked what effect the AVC scheme would have in enabling me to retire earlier than the age of 62. I was told the appropriate figures but what concerns me was that I was informed that, because I would be taking retirement early, the Revenue rules do not permit me to obtain two-thirds of my final salary, irrespective of whether the AVC fund was sufficient to purchase that entitlement.

I find this confusing in view of the fact that I will be way over the age of 50 and have completed more than 20 years service with the company. How do the Revenue rules operate and is there is any way in which the Revenue can be approached to change this?

■ The Inland Revenue rule on maximum permitted pensions on normal early retirement is to multiply the maximum pension permitted at your scheme's normal retirement date by the number of years service completed with your employer up to the date of early retirement, and to divide by the number of years that you could have completed by the scheme's normal retirement date. This is known as the n/ns formula.

Thus, if you could have completed 40 years service by your 65th birthday, and have in fact only completed 37 years by age 62, the approvable maximum would drop from 66.67 per cent (two thirds) to 61.67 per cent.

The fact that part of this pension is provided by AVCs does not affect the formula as the AVC portion enjoys favourable tax treatment because it is treated as an integral part of the pension.

Where early retirement results from ill-health the Inland Revenue does not apply the n/ns formula. This means that an immediate pension can be payable equivalent to the amount that would have been paid at the scheme's normal retirement date but with final salary being calculated as at the date of early retirement.

The AVC component usually has an important part to play for people who retire early. This is because most schemes apply an actuarial early retirement factor. If this factor involves a reduction of 6 per cent per annum then someone who had clocked up 37/60ths by age 62 would find the accrued pension reduced by 18 per cent, to 50.57 per cent of final salary.

This actuarial early retirement factor is intended to give someone retiring early the equivalent overall value for the years of service completed to date as if he had waited to draw his benefit until the scheme's normal retirement age.

Therefore, unless your employer is prepared to make an additional payment into the scheme on your behalf your normal benefits on early retirement could be substantially less (around 11 per cent of salary) than the Revenue will permit. This is where your AVCs can plug a gap.

A number of people who plan to retire early do deliberately "overfund" their AVC component, to the extent that their scheme rules permit. They do this in the expectation that they will be able to use up their AVC fund in full without breaching the Inland Revenue limits because this money will be needed to make good the shortfall in the normal pension resulting from the application of the early retirement factor.

Ownership changes

I own a house which is let as three furnished flats on shorthold tenancies and which produces £12,000 to £16,000 a year, according to lettings. As a married woman I now benefit from independent taxation, as I have no earnings of my own. I plan to sell the flats when the housing market improves.

I have considered sharing the ownership of the property with other members of my family: my husband, son, daughter and myself. If I reregister the property, would the income from the rents cease to be my sole income and become a shared income in four equal parts?

■ Yes – unless the property were conveyed from your sole ownership to a tenancy-in-common in unequal shares.

You would be chargeable to CGT on the transfers to your son and daughter as though they had paid you the full current market value of their shares in the property. However, you could pay the tax by instalments plus interest, if you wished, by virtue of section 7A of the Capital Gains Tax Act 1979; the balance would become payable immediately a sale contract was signed.

Bequest to family

I am a widower aged 54 with three children in their twenties. I have a house worth about £120,000 and £30,000 cash, with £30,000 still outstanding on the mortgage. If I should die while one child is still at home, how can I ensure that he or she will not be forced out but nevertheless not deny the other two their inheritance at some time?

■ One solution would be to give a life interest in the house to the child who is at home but providing that he or she should discharge the mortgage repayments and that the life interest should terminate on marriage. The interest in capital can then be divided among the children in such a way as to give some rough equality, after taking into account the benefits received under the life interest.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000	0-7
High interest cheque	8.10	8.40	6.70	monthly	1	5,000-9,999	0
High interest cheque	8.30	8.60	6.90	monthly	1	10,000-24,999	0
High interest cheque	8.50	8.80	7.00	monthly	1	25,000-49,999	0
High interest cheque	9.10	9.50	7.60	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue‡	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applica	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.33	10.84	8.67	monthly	1	2,500	0
Provincial Bank	10.24	10.73	8.59	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	11.75	9.69	8.46	half yearly	4	-	0
8pc Treasury 1992	11.66	9.59	8.35	half yearly	4	-	0
10.25pc Exchequer 1995	11.39	8.77	7.19	half yearly	4	-	0
8.5pc Treasury 1994	11.58	9.35	8.01	half yearly	4	-	0
3pc Treasury 1992	9.68	8.66	8.39	half yearly	4	-	0
Index-linked 2pc1992§§	12.10	9.26	8.96	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day: immediate access for balances over £5,000. ‡ Special facility for extra £10,000 §Source: Phillips and Drew. §§Assumes 8.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

Some 450,000 tons of cheese worth £1.5bn are consumed in the UK every year. More than half of this is the ubiquitous Cheddar, and imports account for one third of cheese sales. A tiny but growing slice of the market is now supplied by small independent British cheese makers. There are now over 100 companies in the specialist cheese makers' association with brand names such as Lanark Blue, Teifi, Curworthy and Appleby's Hawkstone Cheshire. Nick Garnett looks at two of these, a tiny company start-up and a small management buy-out.

Traditional recipe for success

WHEN DAVID Reed was made unemployed in 1985, he had £3,000 to invest in his future. That really is a minute amount of cash on which to go into business. But within a year, Reed was the biggest commercial producer of Swaledale, a cheese originating with Norman monks, those jolly gourmands who built the big abbeys of North Yorkshire.

It was lucky for Reed that almost five years ago one of the principal individuals making Swaledale cheese retired. She was kind enough to bequeath to the 31-year-old former chef details of the Swaledale recipe. With no background in food processing, Reed read every book on cheese making he could get his hands on.

The Swaledale Cheese Company, housed in a small industrial unit at the Dales town of Richmond, is now making three quarters of a ton of cheese a week and with a sales turnover last year of £150,000 providing Reed and his family with a healthy income.

The company shows that certain types of small businesses have no trouble finding sales outlets and sources of raw material. For Swaledale, the problem has been funding and sourcing capital equipment, learning the production process and making sure the specialist image of the cheese is preserved when the pressure is on to raise production volume.

To the cheese-paring budget of £3,000 was added at the beginning of 1986 a £4,000 overdraft, secured through National Westminster bank after Lloyds had rather scoffed at Reed's proposals. Even with this the financial pantry was still pretty bare.

"Cheese making equipment is very expensive so we looked at other means of doing it," says Reed.

He bought two 40 gallon food vats from the local education authority and converted to propane gas using bitumen burners. Then, he bought a couple of milk tanks from a farm and converted them into a 200 gallon cheese vat and recently a 1,000 gallon cheese vat from a local dairy for £2,250. The company is still saving up for a steam boiler. But, according to Reed, this very limited expenditure compares with about £50,000 for setting up a small cheese making facility with brand new equipment.

Since the start up Reed has negotiated a £40,000 cash facility with Barclays. Using part of that and the company's profits, Reed has purchased the land and the building for a total of about £45,000.

Sourcing supplies posed few difficulties. The Milk Marketing Board identified four farms whose Fresian herds could supply Reed with the milk he needed and the board handles all milk transport arrangements.

Unearthing sales outlets has also proved relatively easy, mainly because Swaledale had a well established name before Reed began production. Apart from local shops and restaurants the Swaledale Cheese Company supplies more than 30 wholesalers. Ten per cent of Swaledale Cheese's production uses ewe's milk – the traditional milk for the cheese – purchased from a co-operative in Swindon, Wiltshire.

The processing methods have posed a slightly crustier problem. Swaledale takes two days to make and a month to mature. Like all cheeses its flavour is governed by the temperature and the time taken to coagulate the milk, the technique of removing whey and preserving the curd, and the use of cultures and the enzyme rennit. In addition, Swaledale is soaked in brine for a day and also comes with a natural mould.

Reed says that during the first year, when it made no more than a ton, the company found it hard to get the consistency right. It has also had to cope with shifts in the milk's fat and protein content when cows move from summer pastures to winter silage and concentrates and then back out to the pastures in spring.

On one occasion £2,000 was lost when a batch of Swaledale, perfectly edible but unrecognisable as Swaledale had to be off loaded. A lot of such cheese graces the top of pizzas.

"Large dairies down-grade. They can get away with this because it is all block stuff and you can cut and grate it and sell it for cooking. We cannot do that because we would lose our reputation."

Coping with cash and product flow can prove awkward but Reed says it has proved manageable. Wholesalers order between two days and a week in advance. Swaledale takes a month to mature so Reed always holds a stock of cheese worth about £7,000. The cheese is sold in rounds varying from one pound to six pounds and sold by the company on average at just over £2 a pound. Many of the orders are very small, the largest is for 140 six pound cheeses.

Extracting money from wholesalers has not proved too difficult though some are a little slack about when they pay because of the general business climate. Payments for milk, however, are very rigid – . ten volumes of which make one volume of cheese. Accounts for milk have to be settled on the tenth of every month, the biggest bill runs to well over £7,000.

The rise in the milk price from 15p to 19p per litre since Swaledale Cheese was formed has eaten a little into profits because Reed has only felt able to introduce two moderate price increases.

Reed wants to raise output to one ton a week. To help do that, he has introduced a new cheese called Richmond Smoked. The company is paying more attention to promoting its cheeses with the help of wholesalers, and Swaledale has gone from greaseproof paper packaging to smart box containers with a neat ancient cheese press logo.

There are a lot of hurdles to selling much greater volumes. Some wholesalers protest that in the areas they serve the epicurean wedge of the market cannot digest any more specialist cheeses. On the other hand, Reed is suspicious about selling much more Swaledale into supermarkets. He has already had a nibble with Waitrose.

"It is a balancing act. If wholesalers see too much of our cheese in supermarkets they will say: 'hey you are not a specialist cheese maker'," says Reed.

Reed himself likes his own cheese. "But I have got a bit of a cholesterol problem so I am having to go easy on it."

■ *Swaledale Cheese Company, Mercury Road, Gallowfields, Richmond, North Yorkshire. Tel. 0748-4932.*

Say 'cheese': David Reed who started in business with just £3,000 and one of his Swaledale chees

Battling the big cheeses

WHEN Fountains Dairy Products became the subject of a management buy-out in 1987, the hunt started for a particular cheese recipe. Eventually it was found – the secret, dating back to 1912, for making Coverdale, which now accounts for 10 per cent of Fountain's cheese output.

Apart from the initial quest for a recipe the story of Fountains, based in the sleepy stone-built village of Kirkby Malzeard, reflects the very different management issues facing a company of 50 staff from one such as Swaledale Cheese 20 miles to the north (see left), which employs just three.

The then Kirkby Malzeard Dairy was purchased from Dairy Crest by seven of its managers three years ago. The dairy company had been due to close, ending a 900 year tradition of cheese making in Lower Wensleydale. Bill Taylor, manager of the former dairy company and managing director of the new business, says Fountains started off employing ten and producing 1.5 tons of cheese a week. Before the buy-out it had employed 57.

The financing of the buy-out, though, meant that it had to grow quite quickly. A mortgage type debenture provided by Dairy Crest allowed the managers to buy the plant which, with outside processing pipes and an office block large enough to hold a wood panelled board room, is set in ten acres of land. That debenture and a similar amount of working capital provided by Barclays bank is believed to add up to between £500,000 and £700,000. The "mortgage" provided by Dairy Crest is being paid off at a couple of points above base rate.

The new company certainly has grown. It now employs 45, produces five tons of cheese a day and has yearly sales of about £4m. Unlike Swaledale it is set up to produce a range of cheeses. Apart from Coverdale, the company accounts for 12 per cent of the UK's production of Wensleydale and makes Double Gloucester in traditional cartwheel shapes. It also produces Cheddar and Lancashire in 40 pound blocks, some for supermarkets such as Morrisons at Bradford, Tesco and Asda.

The principal difference with Swaledale is that Fountains is just big enough to behave in some ways like a mini large company. A voluntary pensions scheme through Scottish Equitable, with the company putting in the equivalent of 2 per cent of its salary bill, was set up almost immediately. The company has a £12,000 a year advertising budget.

Because several managers own shares in the company, another issue is the way share holdings in Fountains should be valued. This will become more pressing if and when some managers decide to sell their shareholdings. Taylor, who is 55, is standing down next year as managing director and will become chairman on a reduced salary. "I just wish I had done this ten years earlier," he said.

Fountains' cheeses, including Coverdale, sell for less than Swaledale. For Cheddar and Lancashire the company competes with much bigger producers. As a money-maker it has not yet been a beano. Profit margins have been "moderate", says Taylor. To raise them, the company is trying to increase the share of specialist cheeses from 60 to 80 per cent of its output. As an example of pushing up value added, it is now making traditional Coverdale with chives.

Neither Coverdale nor Wensleydale figure among Taylor's favourite cheeses. "I think the daddy of them all is a two year old mature Canadian Cheddar. Lovely."

■ *Fountains Dairy Products, Kirkby Malzeard, Ripon, North Yorkshire. 0765 83212.*

PERSPECTIVES

The cracks in the greenhouse theory

***David Thomas** analyses the scientific basis for global warming and finds that the evidence is much weaker than many pundits say*

VISIONS OF a hotter world have multiplied this year as fears about global warming have spread. One newspaper predicted malaria mosquitos swarming through southern England, another foresaw bananas growing in the Cotswolds. Last week, a leading prophet of global warming warned of a 5 to 10 per cent cut in world cereal production by the year 2030.

But are these ideas based on sound science? Or are they, as some experts now claim, the product of overheated imagination and shaky deductions from uncertain evidence? Whatever the final verdict, it does seem that the briefs given to many of the world's politicians are more emphatic than is justified by the true consensus among experts.

Margaret Thatcher, for example, who is expected to make a keynote speech in Geneva on Tuesday to a UN conference on the subject, believes global warming could reduce the membership of the British Commonwealth, as the Maldives islands disappear beneath the waves.

Governments in the industrialised countries are increasingly talking about fundamental changes to the global economy, particularly in transport and energy production,as if it had been proved beyond doubt that global warming is happening. Even though this proof is lacking, estimates of the costs for the US alone have ranged into hundreds of billions of dollars a year.

In Geneva ministers from about 100 countries will try to agree a timetable for an unprecedented international treaty on the world's climate. Never before have scientists claimed to be able to predict – and influence – world climate a century henceAs Dr John Houghton, director general of the UK Meteorological Office, says, this has brought scientific argument into the centre of the political arena.

Because of this, the acrimony generated by climatologists and other expert is beginning to rival some of the great scientific arguments of history. One sceptic, for example, accuses the theory's supporters of "behaving like Hitler". He claims the followers of the new doctrine of global warming conspire to prevent critics from publishing their conclusions in leading scientific journals.

Since the reputations of many scientists and officials are now riding on the theory of the "greenhouse effect", critics suspect there is a hidden agenda. So, some polemicists have alleged that global warming is a fantasy designed to feather the nests of scientific supporters by attracting lavish research funding.

The truth may be less conspiratorial, but it is worrying all the same. The dire predictions of higher temperatures are based on much weaker evidence than most lay people, including most Environment Ministers, realise. The best way to understand how this has happened is to recall how the news about global warming was spread.

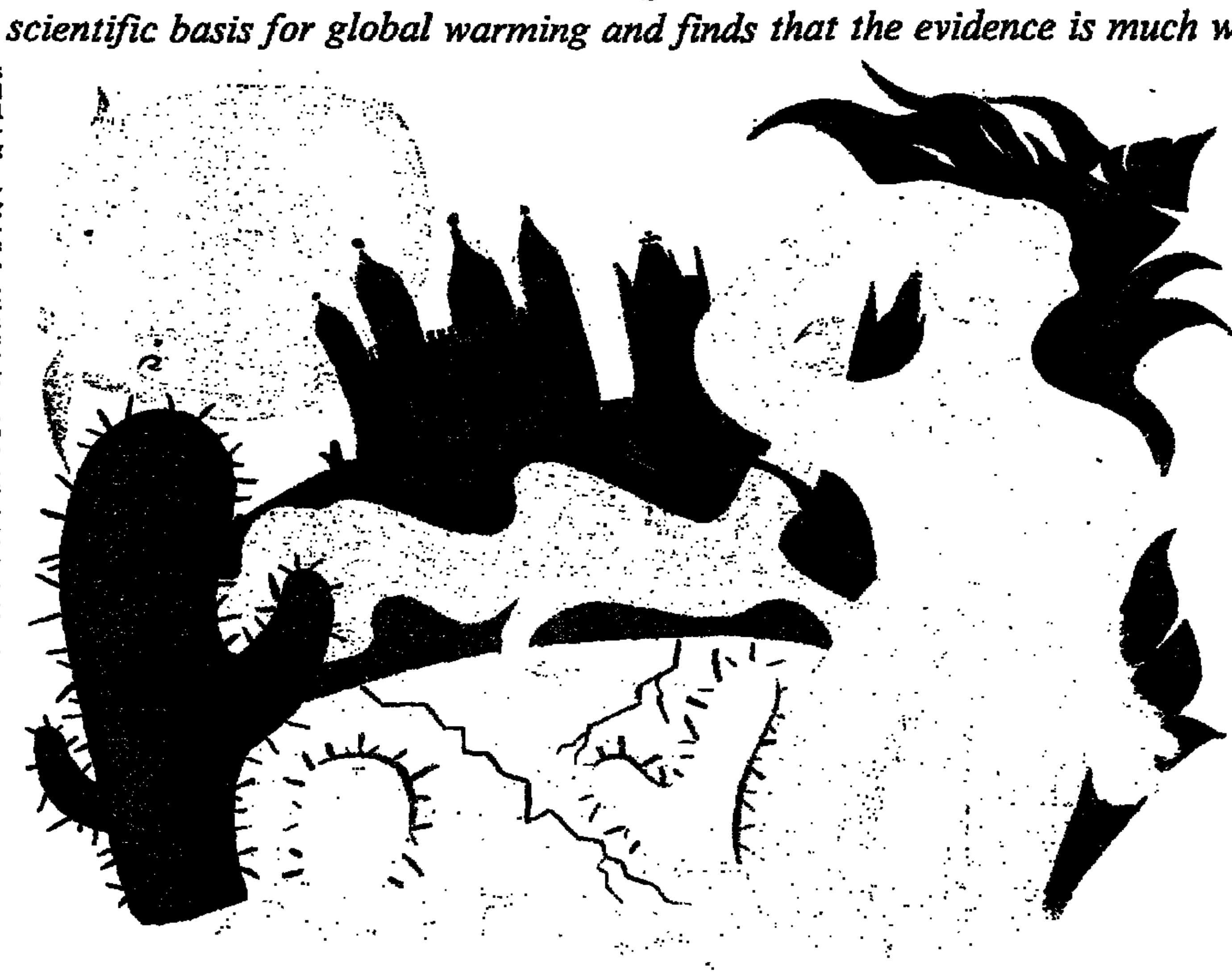
The task of analysing global warming was vested in a group of 170 scientists under the chairmanship of the British Met Office's Dr Houghton. This group, sponsored by the United Nations Intergovernmental Panel of Climate Change (IPCC), published a 22-page "policymakers' summary" on May 25. This was the day on which Thatcher confirmed her belief in global warming and announced a British target for controlling emissions of carbon dioxide, the main greenhouse gas.

The summary included predictions which were seized upon by the world's media. Without countervailing action, it said global temperatures would increase by 0.3° C a decade during the next century. So global temperatures would rise by 1° C by 2025 and 3° by 2100. The result would be higher temperatures than have been seen on earth for 150,000 years. The warming would cause the sea level to rise by 6cm per decade during the next century.

This policymakers' summary was based on 11 scientific papers, totalling 328 pages of closely argued text. These papers were not published until September 24, by which time most pundits' views on global warming were firmly fixed. The worrying point is that the background scientific papers are less categorical in tone than the policymakers' summary.

Dr Andrew Solow, a climate statistician at the Massachussetts-based Woods Hole Oceanographic Institution who took part in the IPCC scientific working group, explains: "The summary did not reflect very accurately what was in the scientific discussions. In the scientific papers, a great deal of care was devoted to pointing out the uncertainties."

For example, the summmary paper gives a significantly different emphasis to the question of how soon the world will find out whether global warming is actually taking place. It says: "The unequivocal detection of the enhanced [man-made] greenhouse effect from observations is not likely for a decade or more." The corresponding passage in the background papers says: detection of global warming will occur between 2002 and 2047.



Dr John Mitchell, head of climate modelling at the UK Met Office, says that most of the uncertainties were mentioned in the policymakers' summary, but he acknowledges that there was a problem:"There is a certain tension between the scientists who wanted to emphasise the ifs and buts, and our remit to provide best estimates [of the extent of future global warming, sea rises and so on]."

The media have identified two entrenched scientific camps fighting over global warming. The believers, usually depicted as the overwhelming majority, are seen as committed to the predictions in the policymakers' summary. The sceptics are portrayed as a handful of mainly US-based mavericks who dismiss the theory as nonsense.

This is only a caricature of the truth, however. A third, andlarge, group of scientists in the middle fears that the hype and the political pressures have pushed the scientific community beyond the bounds of the evidence.

Dr Solow defines himself as an "old-fashioned sceptic:" someone who believes in global warming, but worries about the accuracy of the detailed predictions in the IPCC forecasts. He reckons that as many as 60 to 70 per cent of the scientists who contributed to the background scientific work share his concerns. "We have an argument with the degree of precision that has been attached to the forecasts. They minimise the uncertainties, the inconsistencies, the real crudeness and problems in the [climate] modelling," he says.

Three rules of thumb are useful for anyone wishing to bring an informed scepticism to bear on the debate:

Suspect predictions from past trends

The IPCC scientists believe average global temperatures have risen over the past 100 years by between 0.3° C and 0.6 ° C, with a best estimate of 0.45 ° C.

These figures are controversial, with some sceptics, like Richard Lindzen, professor of meteorology at the Massachussetts Institute of Technology, pointing to the limitations of weather measurement. "I can't tell from the record [whether the climate has warmed]," Prof Lindzen says.

The IPCC papers acknowledge the limitations of the climate record, but from a strictly logical point of view, this is beside the point because global warming theorists do not rest their case on recent trends in the world's climate. "None of us would say that we believe in global warming because of a 0.6° C rise in the last hundred years," says Dr Houghton.

It would have been difficult for the IPCC scientists to have said anything else after their description of the many features in the climate record which do not fit the global warming theory. About half of the last century's warming took place in the early '20s, long before the pronounced increase in carbon dioxide emissions which began in the early '50s.

Beware of climate models

Climate models, are at the heart of global warming theory. But these mathematical representations of what is known of the earth's climate system are in their infancy.

"Many facets of the climate system are not well understood and a significant number of the uncertainties in modelling atmosphere, cryospheric [ice cover] and oceanic interactions are directly due to interactive climate feedback mechanisms," the IPCC scientists admit.

This bald statement is followed by pages of discussion of the crudity of models. Several radical simplifications were needed to generate the central global warming prediction (1.1° C by 2030). In essence, what happened was this:

The scientists gathered the results of 23 climate model studies of what would happen to the world's temperature if atmospheric concentrations of carbon dioxide were doubled overnight. These showed a warming ranging from 1.9° C to 5.2° C. The IPCC scientists then chose three illustrative values for a carbon dioxide doubling: 1.5° C, 2.5° C and 4.5° C. These figures were dubbed, respectively, the "low estimate," the "best estimate" and the "high estimate."

The "best estimate" – a temperature increase of 2.5° C if carbon dioxide doubles – is the basis for the main predictions popularised by the global warming theory. But it was chosen simply because it was in the middle of the range. It is described in the relevant paper only as "the 'best guess' in the light of current knowledge."

Moreover, few of the models used to generate the warming predictions even tried to replicate the more complete link between the atmosphere and the oceans which are part of the most sophisticated models. The scientists are frank about the reasons: "Such models are computationally expensive and complete global models based on those equations will have to await the arrival of more powerful supercomputers later in the '90s."

Pass over the huge assumptions – undiscussed by the scientists – that lie behind the rate of increase in greenhouse gases emissions underpinning the notion of "business-as-usual" (what would happen if no attempts were made to control emissions) which scientists use to calculate their predictions. But note two final oddities. First, the key scientific paper responsible for the 1.1° C prediction does not devote a single word to discussing it: this figure, which is now nestling in the in-tray of most environment ministers, simply appears as a bald conclusion in the summary. Second, there is a crucial lacuna: the 1.1° C prediction is based on the "best estimate" calculation, but this best estimate cannot explain the past: projected backwards, it gives a higher warming than has actually occurred.

Michael Schlesinger, professor of atmospheric sciences at the University of Illinois, started out as lead author of this crucialsection of the IPCC report. He presented data to a meeting of the IPCC scientists showing that the "best estimate" calculation was too high to explain the past. He subsequently resigned as lead author, now appearing only as a contributor to the paper. Prof Schlesinger will not be drawn on the reasons for his resignation other than to say: "some things were done by certain individuals that weren't acceptable to me."

The heart of Prof Schlesinger's worry is that we do not know if the figure which underlies all the "best estimate calculations" is true – that a doubling of carbon dioxide concentrations will lead to a 2.5° C warming. It may be much less, in which case the world need not take the global warming doomsters so seriously.

Reject precise forecasts

If the best temperature estimates are uncertain, then the panoply of consequential predictions is even more doubtful.

The IPCC scientists were highly uncertain about their own regional predictions, but this has not restrained others.Last week, Martin Parry, professor of environmental management at Birmingham University, expounded on the impact of the basic global warming predictionson rice growing in north Japan and grain harvests in Saskatchewan in 2030.

Such statements pile uncertainty upon uncertainty. The smart money should not be on bananas growing in the Cotswolds. What then is left of the global warming theory? Not much, say ultra-sceptics such as Prof Lindzen, who doubts the underlying science. But Prof Lindzen remains in a minority. Even "old-fashioned sceptics" such as Dr Solow believe that greenhouse gas emissions will tend to warm the earth. The big doubt is by how much.

The rational course for policy makers would be to back those actions which can also be justified on grounds unconnected with global warming, such as phasing out chlorofluorocarbons, which are both a greenhouse gas and deplete the ozone layer. They should be wary of hugely expensive measures justified only by predictions of the greenhouse effect until scientific knowledge becomes much more certain.

■ *Climate Change and World Agriculture. Martin Parry, Earthscan, £9.95.*
■ *Climate Change: The IPCC Scientific Assessment. Cambridge University Press, £15.*

O, don't stop the carnival

***Jane McLoughlin** celebrates the saving grace of Bridgwater*

WHEN they made the main shopping street in Bridgwater a few years ago, the planners were given one priority – there must be clear passage left for the carnival carts.

Bridgwater, in Somerset, is traditionally a manufacturing and industrial town set in the midst of a part of the West Country associated with farming, rural retreat and tourist attractions. Like the pallio in Siena, the carnival is the flowering of year-long local effort which gives a dramatic and creative outlet to a community where 53 per cent of the unemployed are unskilled – a public affirmation of a surviving sense of place whatever the lifestyle changes wrought by recession or politics.

The carnival grew out of the Celebration of a local man from Nether Stowey, Robert Preston, who was the brains behind the Guy Fawkes plot. Whether the carnival celebrates Preston's idea or the failure of it, you decide for yourself, but there is an anarchic quality to the carnival ethos. Trade entries, for instance, were banned in the 1900s, in favour of the "carts" built by the various carnival clubs based on some of the 94 pubs which catered for 10,000 locals at the time.

Now 80 pub-based clubs in a wider area of north Somerset, each with an average 30 members, prepare floats which, interspersed with 40 or so walking street shows, take some three hours to cover the route through the town centre.

When the show is over in Bridgwater, on the nearest Thursday to Guy Fawkes Day, the Carnival procession moves on to appear in seven separate parades in local towns over the next fortnight.

"It's the biggest night-time carnival in the world," says Chris Hocking, the carnival committee member in charge of publicity. "Each club raises the money for their cart themselves – between £5,000 and £10,000 a float. It costs them at least £3,000 each to hire a generator to keep the lights going, plus diesel for the tractor, and insurance. The top prize this year is £250, so you can see the reward is in taking part."

For club members carnival is a way of life. The tradition is often passed from father to son, mother to daughter. Sarah Addison, vice-president of the Pentathlon Club, which has won the County Cup four times in the last five years, was first addicted as a small child through her parents Evelyn and Alan Gibbs, landlords of the Thatcher's Arms at Burrow Bridge.

"We have 45 members in all," she says. "The club meets every fortnight throughout the year, and we pick one of about 16 ideas in February."

The rest of the year, building up to evenings and weekends seven days a week as November approaches, the club "gangs" make costumes, paint, sculpt polystyrene, build, do research to ensure historical authenticity, and fund-raise.

For a few hours on Thursday night Bridgwater's streets will be transformed by spectacles such as the masked ball from Phantom of the Opera, Brazilian fiesta, or wild beasts from the Jungle Book.

"The themes aren't local. This is a chance for people who may work at mundane manufacturing jobs or in factories to use their creativity," says Hocking. "Carnival has kept this community going through recession. We've had a lot of firms which have kept going because their workforce has stayed loyal because they're involved in carnival as an outlet. And where large firms have gone, a lot of the people they've shed have set up in small businesses to find ways around unemployment, many in work focused round building the carnival cart."

The carnival reflects changes in attitudes. "It has become more involved in fundraising by selling souvenirs. People come from all over the country, and abroad. Five years ago, we sold 400 to 450 videos a year, and now it's more like 1,000. We sell 14,000 calendars, and sweat shirts, badges and key rings," says Hocking.

"We're looking at ways of involving local companies not as sponsors of particular carts, but in assisting the carnival itself financially. Last year, collectors around the parade raised £22,000 for local charities, but that's only 15p a head. We should be able to do better."

BOOKS

Mistress of Ivyspeak

Anthony Curtis looks at the life of a very private lady

"I HAVE finished writing the biography", said Hazel with a smile that seemed designed to disguise her triumph. "Here is a copy of it."

"And I have read it to the end", said Anthony, pleased at last to capture the initiative.

"I shall not ask if you enjoyed the experience. I shall interpret your silence as your quiet satisfaction at the life it describes."

"If only the silence of others could always be interpreted so gratifyingly", said Barbara in a soft distant voice. "Whose life is it that is being described?"

"Yours", said Hazel handing her the book.

"Then I hope I shall find it less dull to read about than clearly Anthony did", said Barbara. "It did not seem dull while it was being lived."

"I deny that I found it dull," protested Anthony to the two women whom he felt were colluding to misinterpret him. "Or if so, only in the external form it took. The inner life seems to have been far from dull."

HAZEL HOLT, in this biography of her great friend and colleague, Barbara Pym, describes how before the second world war, Barbara's Oxford set became stylistically infected by the novels of Ivy Compton-Burnett. They would write letters to each other entirely in Ivyspeak. She quotes from several of these exchanges, some especially *brilliant* ones by the novelist Robert Liddell. He subsequently wrote a critical study of Ivy's novels and became a member of her circle.

Barbara never became a part of that circle but she did become an admirer, using Ivyspeak as a means of disguising her deeper feelings when she was writing to her Oxford love, Henry Harvey, and his Finnish wife. Residual traces of the style are detectable in Barbara's novels which, like Ivy's, are remarkable for the way conversations between people, bonded by family and professional ties, are orchestrated to bring out the nuances of dominance and dependence. Unlike Ivy's characters who belong to a stylised version of Edwardian England, Barbara's are meant to be of the present. In her case this was the period from 1950 to 1961 when the majority of her

A LOT TO ASK: A LIFE OF BARBARA PYM
by Hazel Holt
Macmillan, £14.99, 308 pages

books were published, though many of the attitudes they contain hark back to pre-war days. The level of society is several notches below that of Ivy. The aphorisms are dropped just as lightly, but not while the butler hovers in the background with the claret. They fall instead over a steaming cup of Bournvita, sipped in a suburban bed-sit.

The biography complements *A Very Private Eye*, the edition of Barbara's letters and diaries which appeared in 1984 edited by Hazel Holt and Hilary Pym, Barbara's sister. Inevitably it covers the same general ground, but Pym fans will certainly want to have both to get all the salient facts about her remarkable career in perspective.

Barbara was the older of two sisters born to Frederic and Irena Pym. Her father was a much respected solicitor in Oswestry before the war. Her parents believed in education for girls. Barbara went to Huyton College, Liverpool, and then in 1931 to St. Hilda's College, Oxford, to read English. Three years later she went down with a second, a clutch of romantic memories, a lifelong love for English poetry and for a man who subsequently married two other women but always remained a close friend of hers. She began to write novels as soon as she left university and continued to have crushes (that would seem to be the word) on other young men, including Julian Amery and, oddly, a member of the SS in Germany, but she returned home to live without having a job.

The war widened her world considerably. Barbara became a censor clerk and joined the Wrens. She was given a commission and posted to Italy. She became Third Officer Pym. Needless to say she had a whale of a time in Naples, going every night to different drinks parties and shipboard dances, but at the end of it all she had only increased her tally, by one or two more, of men who would never marry her but whom she found it impossible completely to give up.

In 1946 Barbara became a research assistant at the International African Institute in London and the pattern of her post-war life became formed. By day she worked conscientiously at the Institute in Fetter Lane as assistant editor of its journal. She first met Mrs Holt there and the friendship was cemented over many light lunches at the Kardomah Cafe in Fleet Street. By night and at weekends Barbara wrote her novels. In 1950, after much hawking around, *Some Tame Gazelle* was published by Cape.

Barbara, who retired from the Institute in 1974, was a habitual church-goer. Her characters tend to break down into clergy, academics, anthropologists, and the women who surround them. One of her heroines, who has – like most of them – been cruelly hurt by a man, has the conviction that "it was so much safer and more comfortable to live in the lives of other people". This, Holt shows, was Barbara's lifelong conviction, worked out both in actuality and in her fiction. The two frequently over-lapped. As a novelist she suffered from what D H Lawrence called – apropos of Jane Austen – "spinsterly limitations". But her books show how these may be just as accurately be described as spinsterly strengths – wit, detachment, irony, clarity.

Unhappily that was not how the new regime at Cape, inaugurated by Tom Maschler in the 1960s saw them. We learn the full sad story behind the rejection in 1963 of her seventh novel, An *Unsuitable Attachment*, after they had published the previous six. Her stoicism at this blow- she continued to write during the years she was without a publisher- and also at an operation for cancer which was diagnosed in 1971, is a moving feature of the book. Fortunately the story ends happily with the rehabilitation of her literary reputation in 1977. This came about through the efforts of Lord David Cecil and Philip Larkin. Extracts from his amusing letters to her are quoted for the first time.

Thanks to these eminent men of letters, Barbara became in demand again as a novelist, was re-published and widely reviewed. Academic studies of her work began to appear of which Michael Costell's interesting *Barbara Pym* (Macmillan, £20.00) is the most recent. *Quartet in Autumn* was short-listed for the Booker Prize in 1977, the year it was won by *Staying On*. Neither she nor Paul Scott had much longer to live, but at least they had the satisfaction of knowing that the struggle to write novels had not been in vain. Barbara Pym died in 1980.

Barbara Pym: spinsterly strengths as well as limitations

Philosopher under the microscope

David Murray argues that it's the mind that matters, not the man

MONK'S Wittgenstein biography arrives hard on the heels of the Brian McGuinness *Life* – or rather, catches it up in mid-stride: for the McGuinness project has the philosopher's last thirty-odd years yet to go, whereas Monk's is a single, well-packed volume.

And it is a good, satisfying book, which is hard luck on the Volume 2 still awaited from McGuinness. Perhaps deliberately, Monk doesn't compete with his rival's searching study of the Wittgenstein family background; on the other hand he is passionately interested in the philosopher's relations with friends and lovers, and supplies relevant material in profusion where McGuinness is slightly constrained – properly, some would say – by a certain old-fashioned *pudeur*. (Monk tackles head-on the notorious Bartley allegations about Wittgenstein and rough trade, and dents them severely. Unfortunately a beady-eyed *Independent* reader has now remarked that a passage in James Kirkup's autobiography implies more of the same: the case may yet run on.)

Inescapably, the best documentary material is cited in both books. Though McGuinness sketches the gist of the early, seminal *Tractatus Logico-Philosophicus* at much greater length (perhaps opaquely, for lay readers), Monk's many philosophical comments *en passant* are apt and lucid. His overriding goal, however, is a real psycho-biography, one which will "show – what many who read Wittgenstein's work instinctively feel – the unity of his philosophical concerns with his emotional and spiritual life". A tall order; and fraught with *a priori* assumptions.

Monk tells a lively tale of an Austrian-born bachelor don with a rich, domineering father, an adolescent fascination with Otto Weininger's sexual theories, an anxious concern for duty and personal integrity, and a regular habit of falling in love with young men; and he dovetails it with a calendar of Wittgenstein's philosophical inquiries. The "unity" remains elusive.

Or is the reference to "philo-

LUDWIG WITTGENSTEIN: THE DUTY OF GENIUS
by Ray Monk
Jonathan Cape £20, 654 pages

THE WORLD AS I FOUND IT
by Bruce Duffy
Penguin £6.99, 547 pages

sophical concerns" ambiguous? Did it mean only Wittgenstein's *appetite* for philosophy, which might notionally have roots in his psychological history? Or maybe his gnomic *style* of philosophising (actually two styles, early and late, but both gnomic): room there for "explaining"? But those seem like rather small beer; surely what would be exciting, were it possible, would be to trace the insights for which professional philosophers revere him – about how relations between thinking, talking and the world should be understood – back to his personal and private history. Compare: in mathematics, the importance of Gödel's Proof rests upon its really being a *proof*, and one with radical implications. How could learning from Gödel's diary that he masturbated on the Tuesday before he wrote it down illuminate that, even if masturbation loomed as a Shameful Secret for him?

Years ago, somebody at a British university produced a very funny trailer-brochure for an all-too-plausible film: *Wittgenstein*, "written by Ken Russell and William Warren Bartley III, with additional material by *Ken Russell*, produced and directed by KEN RUSSELL". The scenario is a rich brew of kinky fantasies, studio production-numbers and wild gestures toward Lofty Intellectual Content. Quite early in Bruce Duffy's *The World As I Found It*, it struck me that this was the very book-of-the-trailer.

Duffy's "novel" is a multiple biography – Wittgenstein with Russell and Moore – drawn in elaborate detail from the available sources, including Bartley, but then "fictionalised" by altering some minor facts and adding a thick dose of saucily intimate imaginings. Without exception the terms of the latter are pop-psychiatric, titillating or at least indecent, and relentlessly diminishing: just anybody's cheap guesses about what might have moved those complicated people. The prose is inflated airport-novelese, with some mock period-British chat which is exquisitely jarring to the ear. Amid the strenuous verbiage lengthy similes abound, liable to self-destruct as they proceed, and bathetic re-starts – "Back at the Palais Wittgenstein, meanwhile . . ."; "At this time Russell was in the process of building his Utopia, a world where . . ."; "Moore had good reason to be offended by the epic ingratitude of Wittgenstein's remark about Ramsey." Curiously, the pocket-philosophical summaries aren't bad at all: "curiously", for often when Duffy stuffs familiar Wittgenstein *dicta* into conversations and inner monologues he quite mistakes their drift. Perhaps his advisers (duly credited) vetted only the pedagogical inserts.

Now, Monk's study is of a higher order altogether – and yet not altogether different. It trades in our modern currency of "psychological" assessment, terms in which his subjects would barely recognise themselves: what kind of illumination is this? Does it supplant other forms of explanation? It makes a gripping read, but at the end, as Wittgenstein remarked of another inquiry, "the philosophical problems remain untouched".

If his methodical insights were right, or even just salutary-correctives-at-the-time, a psycho-biography wouldn't explain that; if they were wonkily perverse it might – but then, why should we care?

Inspired by failure

Clive Fisher on a perfectionist's final footnote

MOST autobiographers boast other achievements. Cyril Connolly, a confirmed autobiographer, found renown for what he did not achieve. Famously clever amongst the inter-war literary generation with whom he came to maturity, Connolly became, unjustly, a notorious disappointment, most especially to himself.

In fact he wrote all his life: brilliantly idiosyncratic book reviews; a mildly salacious novel, *The Rock Pool*; a celebrated manual for literary survival, *Enemies of Promise*. With *Horizon*, during the war, he established himself as an inspired editor. In *The Unquiet Grave* he used quotations from 30 years of cultivated reading to anatomise his melancholy. Throughout, whether he was dealing with 18th-century literary gossip, rococo architecture, or the Modern Movement, there ran the scarlet thread of autobiography.

But this was less narcissism than self-justification. Connolly's perfectionism persuaded him that "the true function of a writer is to produce a masterpiece", and when it failed to appear he pronounced himself a failure. The least he could do was account for the books he hadn't written: autobiographical details might help explain.

So sketches are supplied of many personal characteristics that stood between Connolly and literary greatness: his reviewing, "the white man's grave of journalism"; his perfectionism, "to the artist as virginity to the nun", but inhibiting nevertheless; his hedonism; his laziness – "I can go for long spells without working". But if the excuses varied, the quality of their expression did not. Nothing inspired Connolly like his own failure. He could describe it in exquisite threnody or provocative aphorism, and earned a reputation not only as an uncompromising literary arbiter but also as a great verbal stylist.

SHADE THOSE LAURELS
by Cyril Connolly, concluded by Peter Levi
Bellew Publishing £12.95, 174 pages

There were moments of defiance: "the books I haven't written are better than the ones other people have". *Shade Those Laurels* falls between the categories. Connolly began work on it in the 1950s, and the first part was published in *Encounter* in 1956. He wrote, but left uncorrected and unpublished, parts two and three. At last, the fragment has been completed by Peter Levi, the husband of Connolly's widow, to whom the author had confided the dénouement.

Ostensibly, *Shade Those Laurels* is a thriller about the sudden death of a famous writer, Sir Mortimer Gussage, "that despised thing, a perfectionist". Connolly had first read detective fiction to dispel the homesickness he felt when living in the south of France. But *Shade Those Laurels* demonstrates again his inability to practise any literary form with impersonal restraint, and the result is a bizarre but fascinating conceit: a disquisition for epicureans, an entertainment for amateur toxicologists, a paean for Connolly's favourite writers, a story about critics, editors and authors, a splintered mirror of its creator.

Like Naylor, the protagonist of *The Rock Pool*, Kemble is passive and diffident. Despite being "an unimportant novel reviewer" and despite betraying Connolly's own "insecurity and the only-child's imagined need for love", he is not a self-portrait. Nor is Gussage, though he shares Connolly's acquisitiveness. The other characters, in as far as they live, repel.

But Connolly's figures are no more meant to ring true than those of Peacock (whom this book often evokes). They exist as vehicles for his preoccupations, to proclaim his maxims, to shrivel in his satire, which could be keen, above all to affirm the sovereignty of great art. And that, beyond his beautiful prose and his honest self-appraisal, is Connolly's chief and enduring virtue: repeatedly he insists that only the best will do.

Peter Levi has served his idol well. Modestly, he aimed "to tack a bit of calico on to the end of a wonderful fragment of tapestry". He certainly has the erudition required to continue Connolly, and shows a stronger narrative sense (perhaps he is less easily distracted, perhaps he chose to complete rather than compete). At any rate, we are in his debt: "the representative modern mind", as *Atlantic Monthly* saw it, of this thwarted autobiographer, is a chapter more complete.

A breathless fiftysomething

IF YOU have followed Harry "Rabbit" Angstrom through the three novels in the omnibus you will be well prepared to put him to rest in the fourth; if *Rabbit at Rest* is your first taste of the oeuvre you may wonder what the fuss is about. A good read, yes. Funny, interesting, even slightly moving at times, yes. But a 20th-century masterpiece?

So let us take Harry for what he is, a rather dim one-time basketball champion, a dealer in Toyota motor cars, a man big of frame but limited of mind, a surrogate for the sexual obsessions of perhaps Mr Updike and probably a great many of his male readers, a peg, pun intended, upon which to hang periodic portraits of a slice of American life. There is no subtlety in this and, indeed, every move in the latest book is signalled 50 pages in advance by neon lights, klaxon horns and short key words.

To take one example, you can see the build-up to the final heart attack in the many detailed and recurring descriptions of every item of junk food Harry eats, down to an analysis of their cholesterol content and their salt quotients. Right away, the first half of his Planter's Original peanut-brittle bar is "so good he eats the second and even dumps the sweet crumbs out of the wrapper into his palm and with his tongue licks them all up like an anteater." Sharp pains in the chest and difficulty with breathing are hammered home for readers too thick to get the point.

We must admire John

RABBIT AT REST
by John Updike
Andre Deutsch £14.99, 505 pages

OMNIBUS: RABBIT RUN, RABBIT REDUX, RABBIT IS RICH
by John Updike
Andre Deutsch £14.95, 700 pages

Updike's lifetime achievement as a successful writer. There is a consistency to this quartet. Breathlessness afflicted Harry in the first book, when he was only 26. Published in 1960, *Rabbit Run* was about the youth of our hero in the 1950s, his libido struggling against the guilt and anxieties of the restricted moral climate of the postwar decade. It seemed a fresh work, in a new style, by a newcomer to the literary scene. In 1971 *Rabbit Redux*, which took Harry through the 1960s, with its wonderful opportunities for sex-fiends and its interesting times for experimenters in drugs, seemed a natural sequel. The beginning of the Reagan years was marked by *Rabbit is Rich* (1981); the end by *Rabbit at Rest*.

This opens in Florida, where Harry is now spending half the year with Janice, the wife to whom he is reconciled in spite of many dalliances. She has inherited Springer Motors, which is managed, back in their home town of Brewer, Pennsylvania, by their son Nelson. The images of Florida as a theme park for the dying rich are *skilful; one that sticks is* that of the elderly, now physically shrunk down, hunched in cars that to them are so large they can hardly see above the steering-wheel. When it comes to Janice it is all about flowering, personal development, tennis, swimming, origami classes, and many other new strengths. A comfortable American widow-to-be is in the make-up room. He's going; she's staying. You soon want to tell the author, "I got it, I got it."

He does give us plenty of detailed descriptions of bits of America, any one of which could be separated from the novel and printed as a long essay. In no particular order, there are the golf game, holiday sailing, the attempt to clear Harry's blocked arteries while he watches on a monitor screen, a young child's endless channel-hopping while watching endless mindless TV, the topographies of a Florida condominium and the revisited streets of Brewer. The close-up of American doctors at their avaricious worst is excellent. Nelson, it turns out, has a problem with cocaine; this gives us a spot of drama but, more importantly, a vicarious trip down into the world of snorting, coke, crack and, eventually, the rehabilitation center.

The plot is perfunctory. Nelson's habit bankrupts the company and loses the family the Toyota dealership; Harry has a final illicit fuck, this time with his own daughter-in-law. She blabs. Scared, he runs back to *Florida to relive a little basket*ball after which he has a heart attack and, we are almost sure, gives up the ghost. Updike is not a plot man. He is, we are constantly told, America's contemporary social historian.

He also knows about the big picture. Rabbit's ruminations on the brevity of life and the insignificance of any single being in the great cosmos are a counter-point to his Frank Harris reminiscences of a lifetime of sexual encounters. To his cast of mind, women appear to be name-tags attached to orifices. Yet he does need them as mothers, providers, comforters, sources of reassurance. This is the price of growing middle-age, of being transformed from someone who believes he is the centre of the universe to one who fears he may soon be nothing.

There is no revelation here. As Rabbit's old mistresses are buried and he and his contemporaries, all in their mid-fifties, worry about Nelson, you realise that the Rabbit title has had its day. This, when it comes down to it, is a script for fiftysomething.

Joe Rogaly

Off to the Ritz with Clive

ALL AGAINST THE COLLAR
by Clive Jenkins
Methuen £14.99, 243 pages

THESE ARE not the best of times for what used to be the flamboyant left. Derek Hatton has come a bit of a cropper in Liverpool and one doubts whether Clive Jenkins will find much of a welcome for his book on the years when as general secretary of the white collar union, ASTMS, he thought he had the future of the Labour Party, if not the country, in his hands.

Jenkins was never a man for self-modesty, nor one to conceal his fondness for high living. When he goes to Cuba and fails to be met at the airport by Fidel Castro, he simply commands a taxi to take him to the best hotel in town. When a fellow trades unionist is ill in hospital and not being well looked after, Jenkins sends his driver to Harrods to buy proper food. He also persuades Robert Maxwell to foot the bill for better treatment. There was particular pleasure in inviting the now Lord St John of Fawsley to lunch at a local restaurant, much frequented by trade union leaders. The restaurant was the Ritz where Jenkins ran an account. The maître d'hôtel recognised him immediately, but not the then Mr St John-Stevas.

To his credit, Jenkins makes no attempt to conceal all that. He may even exaggerate. Certainly he exaggerates his political influence. Jenkins and his union had a hand in choosing the last two leaders of the Labour Party: Michael Foot and Neil Kinnock. This book almost claims that Jenkins was the prime mover in putting up the two names in the first place. Even if you believe that, you will find it hard to swallow the claim that Lord Weinstock relied on Jenkins as a go-between to find out whether Jim Prior was willing to become chairman of GEC.

Still, Jenkins was an engaging fellow and a great publicist. As one of his union members said of him: "He is a crafty bastard, but you have to remember he is our crafty bastard". He relied on taking the unions into parts they had not previously reached: mainly the white collar, managerial, technical sectors. It was a considerable growth area and as his union expanded, partly by amalgamations, it gained increasing power as a wheeler-dealer in the trade union movement as a whole.

There were some problems along the way. Jenkins always claimed to be of the left, yet it was hardly the lowest paid and the most disadvantaged that he was helping. Jenkins's members relied on pay differentials, and indeed on increasing them. So he opposed the Labour Government's incomes policies. He was also firmly against British membership of the European Community, though now professes all the zeal of a convert. In all, it is doubtful if he was much of a friend of the Labour Party. He was more of a manipulator, more than willing to use the devices of capitalism when it suited him. When his union wanted to influence a company, it would buy shares in it. Mrs Thatcher might have been proud of him.

Jenkins has been away on an Australian government fellowship working with the environmental movements. He is now coming back confident that Neil Kinnock – his choice – will become Prime Minister. Perhaps we will see another Jenkins in the House of Lords? He is only 64.

Malcolm Rutherford

Canadian crime

LADIES' NIGHT
by Elizabeth Bowers
Virago £4.99, 238 pages

THIS paperback original is actually a Canadian import, and a very welcome one. In her first novel, Elisabeth Bowers introduces a woman detective, rather in the Sara Paretsky vein: a divorcee who is skilled in the martial arts, unafraid of mean streets (they exist even in Vancouver), and sympathetic to the outcast and the the exploited, particularly the sexually exploited. The story is perhaps a bit more complex than necessary, but there is a good cop-bust scene towards the end, and a satisfactory dénouement. Meg Lacey, we are told, will soon reappear. It will be good to see her again.

William Weaver

ARTS

Venetian dreams

William Packer reviews the fruits of an enduring love affair

IN *VISIONS of Venice*, at the Royal Watercolour Society's Bankside Gallery (48 Hopton Street SE1, until December 2: sponsored by Pirelli), honour is duly paid to two British near-obsessions: the continuing engagement in the practice of painting in watercolour, and the enduring love affair with Venice. The exhibition is not over large but falls into two distinct parts, the one an historical survey, from Rowlandson to Patrick Procktor, the other entirely contemporary. And yet, in the first part especially, which was selected by Timothy Wilcox of the Hove Museum, it is well chosen and to the point. Apart from the obvious delight it affords those of us who know and love *la Serenissima*, it is also full of fascination and surprise.

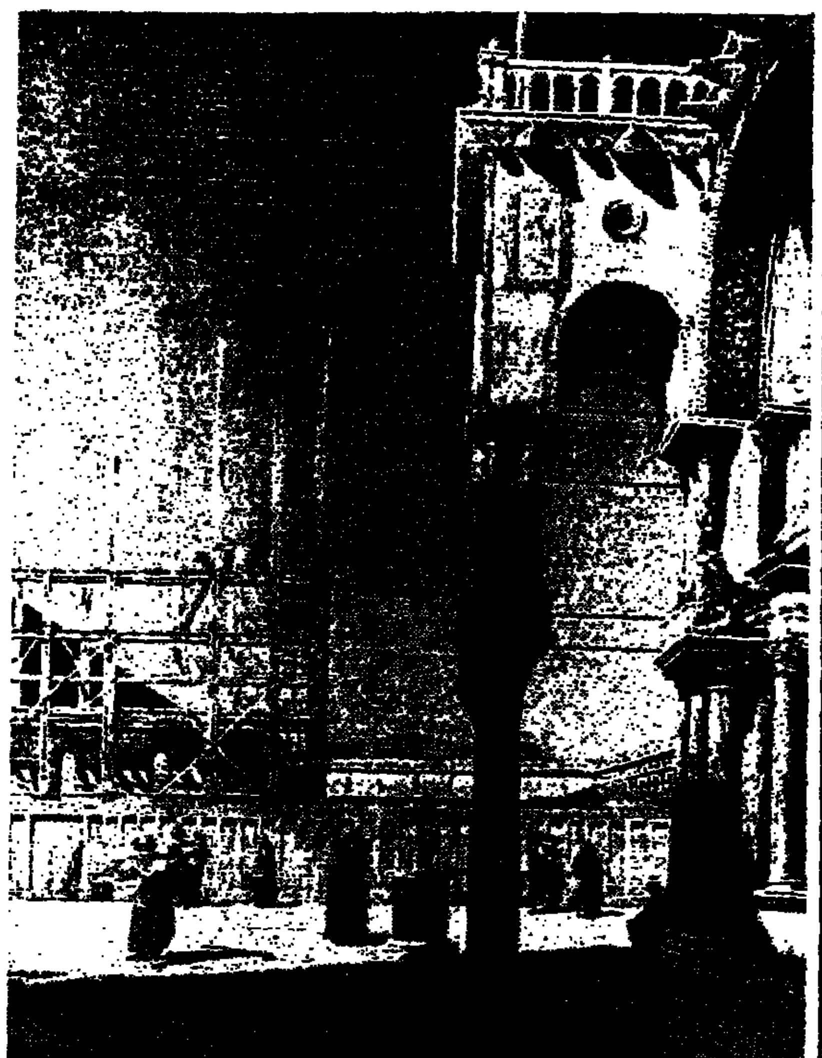
The British have been travelling to Venice since the Middle Ages, but the first surprise is the realisation of quite how long that collective experience took to register in our literature and art. To the Grand Tourists of the Enlightenment, Venice so often was little more than a convenient stop and curiosity on the journey further south, to Rome and Naples. Rowlandson's delicious social comment on the clash of cultures, that gave the flavour to any visit even so late as the last years of the 18th century, is the earliest work in the show, and still an image more of ancient prejudice than future sympathy.

The Romantics began it all, in elegiac regret at Bonaparte's rape and extinction of the Republic, "Venice, the eldest Child of Liberty". And after Wordsworth there came Byron, gloriously misbehaving himself, and after Byron, Turner, to fix the misty, watery, impalpable image of the city forever on the page and in the eye of the imagination. Turner cannot but remain the principal and presiding genius of any such exhibition as this, but here the point is rather more to set him into the more general context of the 19th and 20th century tradition, to see who followed where he led, and who took quite another course.

In broad terms, there would seem to be two main threads to that tradition: the Turnerian itself, consciously atmospheric and romantic, topographical in the general way, addressing itself often to the grander views and the principal monuments; and then the Ruskinian, moving in close to the fabric of the City, to its architectural character and specific detail, to the unfamiliar corner and the gothic remnant. But those threads are wonderfully entwined – Sargent at his most fluent yet theatrically close up against the stark corner of the Palazzo Grimani on the Grand Canal; Prout taking the whole of the Piazzetta or the Rialto Bridge as his subject, to be treated in monumental detail.

There are particular and remarkable works to enjoy by all the artists we might expect to see on the subject – Sargent, Whistler, Sickert, McBey, Clarkson Stanfield with his *tour de force*, the Salute and the Dogana, with a storm blowing up and the choppy water of the Grand Canal alive with shipping. But, as so often is the case with anthologies, the works of forgotten or unknown artists strike one the more forcibly. Albert Goodwin, for example, is quietly impressive with his evening view across the water to San Marco from near San Giorgio, and so too is Arthur Severn with yet another view of the Salute. Frank Brangwyn, who is surely overdue some critical rehabilitation is represented by an image of the Rialto of the most spirited theatricality, and so too the long neglected Arthur Melville, whose virtuoso of the medium has never bon bettered. His painting of the music gondola passing beneath the Rialto Bridge at night, the whole lit up by Chinese lanterns, is extraordinarily brave and ambitious an undertaking, and magnificent in the result.

Whether through loss of nerve or, perhaps, less certain knowledge of the range of work available, the selection rather runs out of steam in its later period. But there are one or two good things, a most beautiful and unusual Lanyon of the facade of a Palazzo, a Piper set design, and some studies of architectural details by John Ward. But the gap is filled in any case by the Royal Watercolour Society, who sent a group of its members off to Venice last November to work. The bag is as mixed as one would expect of such an excursion, but honourably so, with again the less familiar names by no means outfaced by their more established colleagues. Taken more or less at random, Wilfred Fairclough, Hans Schwarz, Diana Armfield, Christa Gaa, Clifford Bayley, William Bowyer, Ken Howard and Tom Coates particularly caught my eye.


'Rebuilding the Campanile' by Reginald Barratt, 1908

Opera on a shoestring

Victor Price looks at the Wexford Festival's finances

OPERA IN Wexford breaks all the rules. To begin with, they hide the theatre from you. You can stand in the High for five minutes before you notice the discreet entrance that conceals the 550-seat theatre in which, every year, three rare operas are performed. This year they're doing *Zaza* by Leoncavallo, *La Dame Blanche* by Boïeldieu and Nicholas Maw's *The Rising of the Moon*.

The festival is the brain child of a local doctor and opera fan, the late Dr Tom Walsh, who in 1951 scorned all difficulties to mount four performances of Balfe's *Rose of Castille*. From that seed grew the Wexford Opera Festival, a mini-Glyndebourne in the South-East corner of Ireland.

The finances of the operation defy reality as successfully as the building itself. Fifteen opera performances and forty-odd concerts, recitals and lectures are put on for half a million Irish punts, say £450,000 sterling. According to Jerome Hynes, the Festival Opera' managing director, local voluntary effort is what makes it possible. All the front-of-house staff give their labour free, as do half the backstage workers: assistant stage managers, scene shifters, costume-makers and the like. A voluntary fund-raising committee beavers away all year. This disinterested work reaches its climax at festival time; just now there are about a hundred people helping out. After initial scepticism, the town has become intensely proud of its festival. No other comparable place (population 1,500) has anything like it; besides, the patrons spend an estimated £IR 700 000 each year in the town.

Administrative costs are pared to a minimum. There are three full-time posts: the Managing Director, an Administrator and a secretary. Box office and press office are staffed on a seasonal basis only. Even the Artistic Director, Elaine Padmore, does not work full-time for Wexford; she used to be BBC Radio's Head of Opera and still announces on Radio 3.

Wexford' s grant from the Irish Arts Council amounted to £IR130,000 this year, or 26 per cent of costs; by contrast British opera companies receive between 40 per cent and 70 per cent of their money from public funds. All the rest has to be made up from sponsorship and ticket sales. Sponsors seem to like Wexford; Guinness have been contributing since the early 1960s, and this year individual productions carry the names of Aer Lingus, Sealink and the British Council.

But all this would be pointless if the public didn't come. Hynes has to sell over 90 per cent of seats (this year at £32 for weekends and £25 in midweek) to break even. In 1990 the figure is within a whisker of 100 per cent, with 97 per cent of the house filled even before the doors opened.

Wexford is a place to come to if you like fresh young voices. Successive Artistic Directors, with very small fees to offer, have had to talent-spot. They have unearthed singers as diverse as Mirella Freni, Christiane Eda- Pierre, Ann Murray and Sergei Leiferkus. Elaine Padmore, as well as auditioning in London and Dublin, travels the world in search of tomorrow's stars. Favourite hunting grounds are the Belvedere International Opera Competition in Vienna, and the summer school of the American Institute of Musical Studies in Graz.

Over the years the catchment area has changed; at the moment the best places are America and the newly freed countries of Central and Eastern Europe. One such discovery this year is a Polish baritone, Wojciech Drabowicz. But the great success of the season is undoubtedly the American dramatic soprano Karen Notare, with the Scottish mezzo Pamela Helen Stephen not far behind.

The singers have to be prepared to put in some concentrated work. There are piano rehearsals morning, afternoon and evening; these have to be taken very seriously because the orchestra – the National Symphony Orchestra of Ireland – arrives only a few days before the Festival opens. There are four 3-hour sessions with the orchestra in the pit, followed by the public dress rehearsal, before the first performance. The whole process is exhilarating and exhausting; the German baritone Peter-Christoph Runge compares it to an operatic Olympic Games.

Understandably, no one will say just how much everybody earns. But a look at the artistic budget of £IR366,000 is instructive. From that sum the following have to be paid: an orchestra of 45 players, for a month; 40 solo singers and a chorus of 24, for a month and a half: a back-stage staff of ten for the same period; three conductors, three directors and three designers, all men of reputation. In addition, sets have to be built and costumes made; a large number of persons have return fares to Ireland and a part of their living expenses paid. I should be surprised if the average worked out at much more than £1,000 sterling per head per month.

Clearly with money as tight as this, the management is on a constant look-out for new sources of finance. The main hope is that the Irish Arts Council, whose grant this year actually represents an increase of 10 per cent over 1989, will gradually increase it to something approaching the British level. Joint productions are also a possibility, although few companies are interested in the same repertory as Wexford. However, Opera de Nantes is sharing expenses on the scenery and costumes for *La Dame Blanche*, which it will put on next April. There is also some prospect of television involvement next year, which will be the Festival's 40th anniversary. But these can only be marginal contributions. Wexford's future depends on its ability to intrigue and satisfy opera-goers; it has done that with success for 39 years now, and the omens look good for the future.

Saleroom

Thrill to the sound of Strads

There are few speculators in musical instruments, says Antony Thorncroft

ON NOVEMBER 21 Christie's hopes to establish a new auction record for a violin when it sells in London an instrument made by Antonio Stradivari in Cremona in 1720, towards the end of his "Golden Period". It should exceed the current record of £572,000 paid in 1988 for a violin by Stradivari's contemporary and rival, Guarneri del Gesù.

On November 22 Sotheby's hopes to establish another new auction record for a violin, indeed for any musical instrument, when it offers another Strad, a work of 1703 which carries an estimate of between £800,000 and £1m. This should exceed the £682,000 paid for a cello by Stradivari in 1988.

Both instruments are being sold on behalf of charities. Christie's Strad, the "Mendelssohn" (named after the German banking family rather than its illustrious musical ancestor) is being sold to benefit Jewish charities in New York while Sotheby's, the "Dancla", will raise money for Withington Hospital in Manchester which has on many occasions saved the life of the violin's owner, Jim Reno. He paid £8,190 for the Strad in 1959 which at the time was an auction record.

The sales turn the spotlight on one of the quieter, more recondite, areas of the art market. There are few speculators in musical instruments. Most of the buyers (and sellers) are dealers or musicians and most of the best instruments end up being played in concert halls throughout the world. The "Cathedral", a Strad which Sotheby's sold for £396,000 in 1984, is now vigorously fiddled by Nigel Kennedy.

There was an upward flurry of prices in the mid 1980s when Far Eastern buyers stimulated demand, but then in 1985 Sotheby's flooded the market by offering four Strads, including perhaps the best ever, the "Lady Blount", in one auction, which all failed to sell. Since then the trade has returned to unspectacular growth. Some instruments, like 18th century German violins, have hardly risen in price in a decade; others, like the more robust Italian violins of the early 19th century, especially those made by Pressenda and Rocca, have experienced a substantial uplift (£99,000 for a Rocca is the current auction high), appealing as they do to the vigorous, dramatic playing favoured by today's top soloists and professional musicians.

But in the main the bottom end of the market – serviced by frequent auctions at Phillips and Christie's South Kensington – disposes of thousands of cheap violins for £1,000 and less, suitable, after repairs, for tyro musicians; the middle end, from £10,000 to £90,000, provides instruments for young musicians starting out on a professional career; and then the soloists come in at prices approaching £100,000. For many musicians the violin is the most important purchase of their life: it can be constantly traded up, and be the source of a retirement nest egg when they lay down their bow.

International dealers such as Peter Biddulph, formerly adviser to Sotheby's and now consultant at Christie's, have virtually stopped trading in the middle market, which is fairly flat. Indeed even among the Strads and the del Gesù's business has been brisker. Many of the finest instruments go to the Far East, to music schools, which have museums attached, or to companies, which regard them partly as an investment, and partly as an opportunity to gain good will by loaning them to a young maestro. Last year Biddulph sold a 1736 Strad for £500,000 to another dealer negotiating on behalf of Fuji. Sony has supplied the Del Gesù played by the young Japanese prodigy, Midori. The German banks are also frequent buyers of Strads and Del Gesù's on behalf of young musicians and in the US corporate sponsors of instruments for leading soloists often expect a plug in the concert programme.

In some of these private deals prices have approached $2m, and last year a European collector gave £900,000 for a Strad. With a recognised output of around 550 instruments, including violas and cellos, there is no shortage of supply in even genuine Strads and each year around 15 come on to the market. One Chinese owner has 26 in his collection. It matters little that the instruments being played in today's concert halls bear little ressemblence to the original Strad violins: apart from the inevitable repairs, all the necks have been changed from the baroque originals to suit the 19th century orchestral repertoire, and the strings will be new. The sound still thrills the experts.

If the two Strads sell it will encourage this select international market. Sotheby's has an optimistic estimate for such an early instrument; there are few doubts about Christie's violin. Recently Stradivari has been rather out of favour among some top soloists: you have to fight to get the best sound from his violins while Del Gesù plays along easily with the musician. But Pinchas Zukerman, who usually plays a Del Gesù, has recently been heard using a Strad, and probably the most valuable instrument in the world, the violin of Itzhak Perlman (which once belonged to Menuhin), a 1714 Strad known as the "Soil", would easily sell for $2m. This is one sector of the art world where established reputations show no sign of going out of *fashion*.

All jazzed up in Cork

LAST WEEKEND was the weekend when it is said the people of Cork opt to leave the southern Irish city for quieter pastures. Those used to a more relaxed way of life can hardly be blamed for escaping. For four days, the quiet coastal city is engulfed by visitors who come to celebrate the international jazz festival from all parts of Ireland and Europe. During this, the 13th festival, it was estimated that some 40,000 fans gathered to hear 600 musicians play over 1,000 hours of jazz in 50 venues by midnight last Monday.

Sponsors Guinness billed the event as "Europe's greatest jazz extravaganza" and this year's mix of nationalities and styles certainly bore that out. Given the Irish penchant for partying and the fact that this was a bank holiday weekend in Ireland, jazz was often second to the occasion, although many of the bars and hotels in the city had pulled in local musicians to play some "jazz" to inebriated patrons. While most of the local fare tended far more to the blues and roots there was plenty in between and at the top to satisfy all tastes.

Informality was the key as the unpretentious, mostly-Irish crowd idled between clubs and bars with a casualness both refreshing and unnerving.

In the Metropole festival jazz club, the centre of activity, the artists too revelled in the relaxed atmosphere. For the most part audience reaction in the club was genial but the mood too mellow to enable the place to "jump". This was particularly so during some of the harder bebop numbers which brought a somewhat bemused reaction, although sizzling performances by tenor-saxophonist Scott Hamilton and trumpeter Ted Curson won warm applause.

However it was the traditional jazz of the likes of Max Collie's Rhythm Aces and the dixieland style of Eddie Bruhner's Swedish All Stars and also the Elastic Band which struck a more gregarious chord with the crowd.

The star of the festival was undoubtedly Champion Jack Dupree, an 81-year-old New Orleanian, who stole the show with his inspirational blues and barrelhouse piano stylings. The diminutive Dupree, huddled over the keys, digs out a voice from the back of his throat and when he sings: "I ain't never had it so bad," you know he means it.

The appearance of Dizzy Gillespie, the legendary trumpeter, bandleader, composer and raconteur, and his 14-piece United Nation All-Star Orchestra at the Cork Opera House, was a star-encrusted occasion. Now 73, Gillespie plays a strictly part-time role, choosing to stay in the shadows during a large chunk of the numbers and offering a variety of comical asides as way of introduction.

Given the array of talent surrounding him, it mattered little. Trumpeter Arturo Sandoval in particular provided the cutting edge in true Cuban style to many of Gillespie's compositions. Saxophonist James Moody also produced some memorable moments in a luxurious first-half set in which Gillespie's trumpet and his amazing inflatable cheeks also saw action.

The second half was a rather rambling affair down South America way but by the end Gillespie returned to his bebop roots and lifted the session back to a healthy peak.

The following night at the Opera House alto king Benny Carter gave what turned out to be the most stylish performance of the festival. Backed by the solid bass of fellow American Leroy Vinnegar, Irish drummer Stephen Keogh, and British pianist Michael Garrick, Carter produced some memorable moments. Particularly moving was their version of Erroll Garner's "Misty", Carter's saxophone gliding effortlessly through Garrick's delicate refrain.

Christopher Price

Prague: discord after the revolution

Andrew Clark *describes how the Czechs are fighting to keep their cultural integrity intact*

THE PRAGUE Spring Festival, internationally recognised as one of East Europe's cultural successes, is offered hard currency by a leading West European marketing organisation, in return for exclusive marketing rights. Despite being strapped for cash, the festival rejects the offer without explanation.

A Canadian impresario, visiting Czechoslovakia with a French government delegation, offers to subsidise the renovation of Prague's historic Stavovske Theatre – in exchange for the right to organise his own opera seasons there. The plan runs into fierce local opposition.

A year after the revolution, Czechoslovak musicians are learning the price of freedom. Faced by spiralling costs and government economies, they want to capitalise on their rich cultural heritage – without compromising their independence. They know that Czech culture, with its rich tradition, historic buildings and eloquent interpreters, is ripe for commercial exploitation. But 40 years of rigid Communist control have made them inexperienced negotiators, unsure of their market value and an easy target for foreign interference.

Musicians benefited as much as anyone from the revolution. They were finally free to play the music they wanted; they had more opportunity than most of their compatriots to earn hard currency abroad. But whereas Communism gave them security of employment, they are now struggling to adapt to the realities of a social democracy, where orchestras and opera companies depend as much on self-generated income as on government subsidy.

The dilemma is most acutely felt by the Prague Spring Festival, which needs $500,000 to pay Western artists booked to appear in 1991. The organisers want to sell blocks of tickets for hard currency, as part of a tour package for foreign visitors. They also recognise the potential of video, television and radio rights. But they lack the knowledge or expertise to market the festival themselves. They need outside help.

Among the offers pouring in from Japan and West Europe, the most comprehensive proposal has come from Telemundi, a Monaco-based business specialising in the marketing of sports and cultural events worldwide. Telemundi wanted to sell up to 75 per cent of festival tickets outside Czechoslovakia, and to have exclusive promotion and merchandising rights, covering everything from official programmes to commemorative coins. In return, it promised to hand over 70 per cent of net receipts.

After taking independent advice, Prague Spring broke off negotiations last month. It said Telemundi's offer gave Czech audiences minimal access to festival events and exposed the festival programme to the same commercial interests that beset Salzburg in the Karajan era. The festival's distinctive Czech personality was at stake.

The financial terms of the Telemundi contract aroused equal suspicion. According to Oleg Podgorny, director of the festival, "We had no way of knowing how Telemundi would calculate its expenses, or how much hard currency we would get. We were being offered insufficient access to the accounts. It became clear that commercial exploitation was their primary goal. Artistic integrity and cultural values came bottom of the list."

The Telemundi chairman, Wolfgang Stein, rejects these allegations, and says the festival organisers have unrealistic expectations: "If they think someone is going to hand them millions on a plate, without signing away some of their rights, they're wrong." Prague Spring is now negotiating with a Japanese arts promotion company, which has offered to pay a lump sum for broadcast and video rights – leaving ticket sales in the hands of the festival. But the Telemundi episode has served as a warning to all Czech music institutions eager to test the market.

A similar dilemma faces the National Theatre, a vast organisation comprising Prague's two opera ensembles, a drama company and the ballet, all of which share the city's three main theatres. With the loosening of government controls, each wants to go its own way, but none have the money to do so. This has led the Minister of Culture, Milan Uhde – who comes from the spoken theatre and has been accused of favouring the drama company – to look sympathetically to outside offers of help.

The most controversial offer – from a wealthy French-Canadian businessman, Allain Coblenc – concerns the Stavovske Theatre (known under Communist rule as the Tyl Theatre), where Mozart conducted *Le nozze di Figaro* in 1786 and the première of *Don Giovanni* was given in 1787. Coblence's original plan was to rent the theatre for three annual star-studded Mozart productions, one of which would draw on the resources of the National Theatre. He also proposed to establish a Mozart Academy.

Doubts about the plan began to arise when Coblence downgraded his proposal to two productions and a series of concerts, involving only talented students and playing exclusively to foreign tourists. Leading musicians in the National Theatre are now engaged in a campaign to thwart him – supported by the government's independent advisers, one of whom described Coblence's offer as "derisory, given the potential of the theatre".

A more realistic proposal has been put forward for the Smetana Theatre, the former German theatre which the Communists put under the National Theatre umbrella. Following warnings that its 250-strong ensemble might have to be paid off, the internationally-renowned Czech mezzo soprano Eva Randova has offered to build a new, smaller-scale ensemble there. She proposes to retain the theatre's orchestra and chorus, to liven up performances by introducing foreign stage directors and guest soloists, and to widen the repertory to include Wagner and other composers shunned since the war. Her ensemble would give original-language performances, and operate in friendly competition with the National Theatre. She would still need a basic subsidy, but she plans to set up a Friends Society and attract business sponsorship for individual productions. If the government gives the go ahead, she hopes to operate a semi-stagione system from the 1992-3 season.

Mme Randova's plans show that, while promises of foreign investment have stolen the limelight, local enterprise is not in short supply. On its own initiative, the National Theatre has earned more than $300,000 since January simply by selling tickets through agencies in West Germany. The Prague Spring Festival has restored a disused Gothic church to serve as a much-needed venue for recitals and chamber music. New artist agencies and record companies are springing up. Frustrated by slow progress at Supraphon, the Czech Philharmonic Orchestra has signed a contract with the British independent record company Chandos.

However *tempting* the offers from abroad, Czech musicians are reluctant to sell their heritage for a pot of gold. The Prague Symphony Orchestra, for example, has resisted the temptation to spend more time on lucrative foreign tours, or to raise seat prices in Prague to take advantage of foreign tourists. "We have a moral obligation to keep in contact with our home audience," says Roman Belor, the orchestra's manager. "We want to find business sponsors, but we value our independence. We'd rather be poor for two years than lose face and lose or ideals."

Records

Minimalism and more

WHAT HAPPENS after Minimalism in music? With Steve Reich it has been more of the same, but ever more highly polished – like the products of a virtuoso spirograph artist; with Philip Glass more of the same too, only inflated and less interesting. For the founding-father Terry Riley, fresh exotic novelties – new musical number-games, mantras, ethnic stuff; for composers with their ears glued to the shifting ground, merely newer fashions; and for the cheerful eclectics the Americans call "Romantics", it has been Rakhmaninov, Gershwin, Moszkowski and Jerome Moross all at once. John Adams' music nowadays sports Minimalist patterns as background or local colour, or between inverted commas as jokes.

But has anything *developed* from Minimalist music? Yes: the work of Michael Torke (Dutch-American, raised in Wisconsin, not yet 30 but laden with commissions). For several weeks I've been listening to the new Argo conspectus of Torke pieces with immoderate frequency, and continuing pleasure. There's no accounting for tastes, but I can try at least to describe the music.

It is remarkably single-minded. By older standards, the five ensemble pieces here are much too similar in cut to make an effective sequence: technically, each is a sort of elaborate chaconne on a more or less jazzy ground. Of European "symphonic" methods there is no trace – Minimalist construction-by-repetition seems to have been mother's milk to Torke. In *Ur*-Minimalism, however, a very slow rate of musical change was fundamental, for holding the communal attention (not necessarily undrugged) of a 1960s audience; not so in Torke's music, which sets a premium on sharp, rapid variety.

Like Copland and Bernstein he has a Stravinskian ear for rhythm, so from moment to moment there are syncopated springs and traps. Within their concise spans, all the pieces here – the longest just over a quarter-hour – explore a rich affective territory. The sound is nevertheless up-to-date pop; (fierce winds, synthesisers and electric bass, and often Torke himself as astringently elegant pianist); he aims to be a user-friendly composer for wider audiences than just contemporary-"classical" buffs. *Adjustable Wrench* makes crucial play with a snatch of "All the Lonely People". Yet the constructions are so tautly intricate that your ear can fasten upon different strands each time round, and discover a new perspective for a whole piece.

That is generally true of Conlon Nancarrow's player-piano music too. Famously, he has spent almost 50 years as a recluse in Mexico, hand-cutting his own piano-rolls to achieve perfect definition for his musical experiments – exploiting more-than-human precision to extraordinary aural ends. I welcomed Wergo's Volume 5 of his player-piano Studies a few months ago here; the new album is Vols. 3 and 4 (Wergo is following reverse-chronological order), which include more of Nancarrow's relatively "transparent" pieces in blues- and boogie-based veins.

Many are breathtaking. Try Study 21, in which two voices in even notes pass contrariwise from very quick to heavily slow and from sluggish to a crazy cascade in 3 minntues, simple but wildly disorienting – or the monstrous player-pyrotechnics of Study 25. Anybody's musical imagination should be fired, and perhaps severely scorched. It wouldn't be far-fetched to compare the experience with what an 18th-century listener might have felt upon encountering Bach's *Art of Fugue*. Wergo's sleeve-notes, by James Tenney, offer detailed guidance.

Stravinsky's piano-and-orchestra music goes naturally with all this, and the Sony performances by Crossley and Salonen are confident. Best is the 1924 Concerto, though the late Movements are expounded with close sympathy. The Capriccio, with some odd, soft-edged phrasing, sparkles less than usual. Nothing like the hair-raising authority with which Kremer and Argerich attack Bartók's Sonata no. 1 on DG: this must be among the best violin-and-piano recordings ever. Their Messiaen and Janácek are terrific, too.

Two unexpected helpings of Charles Koechlin are deceptively gentle and always original. On ASV the big Horn Sonata and 27 other pieces are beautifully played by Barry Tuckwell; on Hyperion the Boston Symphony's Fenwick Smith does no less for a large part of the Koechlin's *oeuvre* for flute, with charming assistance by the soprano Jayne Smith in some songs. There are real discoveries here, and a wealth of ideas treated with unfailing grace.

From the Teutonic side of that period, more Hans Pfitzner has appeared on Preiser CDs. *Das dunkle Reich*, a darkly imposing "choral fantasy" with two solo singers (excellent), orchestra and organ, fills an important gap. The Piano Quintet op. 23 boasts the same truculent imagination as Pfitzner's Piano Concerto; the Piano Sextet op. 55, from much later, is tired, routine stuff. It always took working on a large, domineering scale, it seems, to bring out Pfitzner's gloomy best.

David Murray

Michael Torke: *The Yellow Pages. Slate. Adjustable Wrench. Vanada. Rust.* Torke (piano), London Sinfonietta/Kent Nagano & David Miller. Argo 430 209-2

Conlon Nancarrow: Studies for Player Piano, Vols. 3 and 4. Wergo WER 60166/67-50 (two CDs)

Stravinsky: Concerto for Piano and Winds. Capriccio. Movements. Symphonies of Wind Instruments. Paul Crossley, London Sinfonietta/Esa-Pekka Salonen. Sony SK 45797

Bartók: Sonata no. 1. **Janácek:** Sonata. **Messiaen:** Theme & Variations. Gidon Kremer & Martha Argerich. DG 427 351-2

Charles Koechlin: Music for horn. Barry Tuckwell & Daniel Blumenthal. ASV CD DCA 716

Music for flute (incl. two sonatas, part of *L'Album de Lilian* and 19 other pieces). Fenwick Smith and Martin Amlin, with Jayne West and Leone Buyse. Hyperion CDA 66414

Pfitzner: *Das dunkle Reich* (with two Brahms choral pieces). Sue Patchell, Robert Holl, Graz Chorus & Symphony/Alois Hochstrasser. Preiser 93311:

Quintet op. 23. Sextet op. 55. Various players. Preiser 93111 (monaural recording)

A rebellious talent

For all its intellectual underpinning, William Forsythe's 'Slingerland' is a dramatically ashen and physically desiccated ballet

THE ILLUMINATION on the stage is a grey twilight. At the back of the scene, a litter of rock shapes; in front, four shaven heads poke through trapdoors, with arms and hands busily scratching on the floor with flints. In this surreal, desolate scene, a tramp-like figure in charcoal-coloured felt suit moves awkwardly, as Gavin Bryars first string quartet is played. So begins William Forsythe's *Slingerland* for the Frankfurt Ballet. What happens next, during the four scenes of this dance piece, is a sequence of intellectual and visual teases which involve a giant bird's leg, manic and disjointed activity by a ballet company which, obedient to its choreographer, is deconstructing movement and theatrical illusion. It is all very modish, more than a little pretentious, and the absolute *dernier cri* in ballet.

With this production the Frankfurt company initiates a series of twice-yearly seasons at the Châtelet in Paris, an unprecedented tribute to the impact that Forsythe is now making on the European dance-mind. His preference as a creator is for the dismemberment of an accepted movement language and of the traditions of stage presentation. Early works in Stuttgart, notably the memorable *Orpheus* made in 1979, suggested a rebellious talent – though *Orpheus* was more political than aesthetic in its protest. Since 1984, when he became director of the Frankfurt troupe, Forsythe has sought – his devotees will say he has found – a new pertinence for academic dance through the dismantling of its actions and the creation of an allusive vocabulary of sensation. The influence of Rudolf Laban's theories about the limits of human physical activity, and of the deconstructionist architect Daniel Libeskind's beliefs about formal rules, are cited as influences upon Forsythe's thinking. All of which is very fine and large, and provides a field day for the "interpreters" of what Forsythe's ballets mean, who perceive extravagant marvels in every least work.

Though I greatly admired *Orpheus*, I have found Forsythe's subsequent productions increasingly forbidding, the weight of theory tending to crush the dance, or force it into arbitrary and uninviting shapes. *Slingerland*, for all its intellectual underpinning, is a dramatically ashen and physically desiccated piece. Its four sections have the nature of a dream, with a dream's illogical disjunctions. Two tramp figures – by courtesy of Samuel Becket? – move through the colourless desolation of a moon landscape. Dancers appear wearing tutu-like discs, and are involved in harsh, form-wrenching sequences of choreography. Swords are brandished; rocks litter the stage and descend from the flies; a man wearing bird's feet is skied on a wire, together with his companion, behind what seems a gigantic television screen. One vast bird's leg dominated the stage for the last scene. Film is projected showing brief and unflattering clips of people walking or riding in wheel chairs. From this litter of references, from this nightmare inconsequentiality, we may deduce what we can about dance, about theatre and – which I find wholly impossible to believe, but am assured is so – about *Swan Lake*.

If, by deconstructing the apparatus of classic dance, Forsythe were to evolve thrilling – because immediate or shocking – nuances of meaning, there might be more to salute in *Slingerland*. Its visual devices are somewhat dated – the Dali/Massine collaborations of the 1940s played several of these tricks, rather more astutely – and its choreographic text is so fragmentary as to seem little more than pieces in a kaleidoscope which have refused to form any observable pattern.

There is a need, after Balanchine, to find a fresh impetus for the classic dance, to re-form it as Balanchine did Petipa's academism. Forsythe's activities are, of course, intriguing as they unbalance tradition and send it flying. But they have yet to lead to a recognisable re-shaping and renewal of ballet's function.

Clement Crisp

Radio

Souls, ghouls and corpses

THE MONDAY Play on Radio 4 this week, *Anthills of the Savannah*, adapted from a novel by the Nigerian writer Chinua Achebe, displayed an imaginary newly-independent African republic governed by ambitious, inexperienced politicians, friends since their education days. One of them ("Sam" to his intimates, His Excellency to everyone else, Jude Akuwudike to us) has become President, in fact Life President since a national referendum said so. Chris Oriko (Ben Onwukwe) is Minister of Information, Ikem Osodi, a poet (Joseph Marcell) edits the National Gazette. The political events might suggest Nigeria, with a territory ready to revolt like Biafra; but this story is not about politics so much as politicians. The President sacks Ikem as a suspected agent of the rebels; a trumped-up charge is brought against him and he is arrested and shot. The President is becoming a dictator. Chris decamps torebel territory, but news comes that the government has fallen. Not in time – Chris too is shot by the police.

The veracious playing of the largely West African company makes the politicians sound like decent British sixth-formers; Achebe's novel (adapted by William Ash) dates from 1987 and presumably shows to some degree a Nigerian view of Nigerian politicians. Truthful or not, the story was unusually interesting, though, as often happens with novel adaptations, there were some loose ends hanging out. The acting under Kay Patrick's commendable direction was admirable.

All other engagements for Tuesday lunchtimes should be cancelled in favour of the three-part adaptation of Waugh's *The Loved One*, which began this week on Radio 4. Rupert Graves is Dennis Barlow, the failed English scriptwriter working for a Hollywood firm that gives luxurious funerals to dead pets. Ronald Fraser is – was – Sir Francis Hinsley, too soon a suicide, to be buried, just as luxuriously, once Whispering Glades cosmetician Aimee Thanatogenous (Miranda Richardson) has fixed his appearance. Bill Matthews's dramatisation keeps the Waugh jokes sparkling, the playing is fine. Not to be missed.

You would hardly guess that All Souls Day was a religious festival. *Radio 2 Arts Programme* had a kind of down-your-way with Frank Delaney, visiting scenes associated with druids, knights and wizards. (Christian ones?) I soon stopped listening. The World Service on Sunday (repeated by Radio 5 on Wednesday) dealt with ghosts, but only through anecdotes. Certainly we were told that churches were favourite sites for ghosts, but nothing more devotional than that.

I sanguinely hoped that Radio 3's *Lost Souls* on Tuesday might refer to the souls remembered in the feast. No way, just two men having trouble with their wives. Gallant Patrick (John Castle) mans a data-buoy, well away from home, where his wife Miriam is angry about his association with Kelly, a girl he once saved from drowning. This time he saves gutless Bill (Michael Cochrane) from a sinking yacht in a storm, and they exchange emotions until they are safe – when Patrick jumps into the sea. Manny Draycott-Lai's characters say things like "I hate the doleful look in their deep, dark eyes" (of seals) and "She walked as if she had a spring in her movements." Director Cherry Cookson did her best with the endless time-shifts, but the whole 50 minutes was confusing.

I was glad to hear in the Food Programme (Monday's repeat from Friday on Radio 4) that reducing cholesterol gives no quick improvement to the health, that cholesterol-free products are "a con". In happier days this would have come just before Sunday lunch. Now Radio 3 gives you *Table Talk* at that time, and my appetite was not stimulated by hearing how Redmond O'Hanlon ate piranhas, monkeys or caymans' tails, engagingly though he told us. Derek Cooper is the food man for me.

My apologies to everyone in *The Mary Whitehouse Experience* (Radio 1, Saturday, repeated Friday) for having left their title out last week.

B.A. Young

Chess No. 845: 1 Ra3 f2 2 Rhxh3 Kxh2 3 Rh3 mate. If 1 ... Nxe5 or Nd4 2 Be4 N moves 3 Bxf3.

COLLECTING

Testing times at auction

Antony Thorncroft on the omens for the salerooms

THIS WILL be make or break month for the big auction houses. To date the new season has not confirmed the worst fears of the pessimists, or justified the wilder ambitions of the optimists. Most auctions have registered higher unsold percentages than a year ago, even though the salerooms have only accepted items from vendors if they agreed to reasonable, ie lower, reserve prices, but there have been few complete disasters.

The auctions to date have been routine. This month Sotheby's and Christie's hold important sales of Impressionist and Modern art in New York and a run of top quality sales of British pictures, furniture and silver in London.

The middle of the month will be particularly tense. In New York on November 12 Sotheby's is offering 36 works from the collection of the late Henry Ford II. To secure the art against competition from Christie's, Sotheby's had to offer Henry Ford's Estate a guarantee, which is probably in the region of $50m (£26.3m). If there is a sudden military or economic crisis which frightens away buyers Sotheby's will be left holding some valuable but unsaleable pictures.

In public Christie's is shy of giving guarantees but it was forced to swallow its convictions and to offer the Yasseen family around $10m to secure works by Jackson Pollock, Monet (one of his waterlilies) and Kirchner for sale this month. If things go wrong in New York both salerooms might find solace in London.

On November 14 Sotheby's offers the finest painting by Constable outside of a museum. "The Lock" is one of six scenes he painted of his native River Stour. It carries an estimate of up to £15m and if it gets anywhere near this sum it becomes easily the most expensive British work of art sold at auction.

The omens are good. It has remained in the family since James Morrison paid 150 guineas for it at the Royal Academy in 1824 and it is in excellent condition. It is the only one of the Stour Six not in a museum and Constable, along with Turner, is known to the Japanese, who accept the theory that he was an influence on the Impressionists. The American museums, especially the Paul Mellon collection at Yale and the Getty, could be keen. The price seems high in the current climate – the previous auction best for a Constable is £2.64m, although the National Gallery paid £10m for "Young Waltonians" in 1987 – but its rarity justifies the expectations.

The portrait of General Monckton that made the reputation of American-born artist Benjamin West

There is one minor fly in the ointment. The National Museum of Wales is trying to acquire the picture by raising a matching sum which, because of tax advantages for the owners, need be little more than £6m. It cannot afford it from its own resources; neither can the National Heritage Fund; but there could be a rich benefactor waiting in the wings to whisk away the prize.

Christie's British picture sale two days later has its own minor blockbuster, the striking portrait that, in 1764, made the reputation of the young Benjamin West, the American-born artist who later became President of the Royal Academy. It is of General Monckton, who was second in command to General Wolfe at Quebec and who went on to be Governor of New York.

This should attract North American interest and the fact that, like "The Lock", it has remained in the one family, encourages Christie's in hoping for up to £1.6m, which would equal the auction record for a British portrait, paid for another Benjamin West, a portrait of Joseph Banks.

British pictures (auction house talk for British art from 1500 to 1850) attract a narrow group of buyers, mainly British and American. However demand stood up well during the summer saleroom upsets.

This was partly because they are so much cheaper than Impressionists and contemporary art and partly because there are still patriots around.

A feature of this market is the growing importance of private collectors, who make up half the buyers at the major sales.

Estimates in some sectors, such as the currently out-of-favour sporting pictures, are down on a year ago, but experts David Moore-Gwyn at Sotheby's and Margie Christian at Christie's remain sanguine about prospects. The freshness of most offerings, plus the fact that vendors have accepted the need for lower reserves, should ensure success.

Typical of the pictures that inspire confidence is a portrait by Zoffany of the firebrand John Wilkes lovingly holding the hand of his daughter.

Wilkes was the great libertarian of the mid-18th century (even if he did end up as Lord Mayor of London) but there are very few portraits of him. The National Portrait Gallery must be interested in this one, even with a price of up to £1m.

Among other portraits there are works by Gainsborough and Reynolds which reach down to as low as £8,000 for a rather boring Hanoverian gentleman immortalised by Reynolds. Earlier portraits can be even cheaper. A striking likeness of the Earl of Strafford by Van Dyck, and his studio, with the inquisitive face almost certainly done by the Master, is very modestly estimated at around £10,000.

For Americans there is one of the innumerable portraits of George Washington by Gilbert Stuart. Stuart painted the most famous image of the First President in 1795, and then lived comfortably for the rest of his life turning out similar portraits, helped by his children and assistants. This one surfaced in England and carries a £120,000 top estimate.

"Pan and Syrinx", a classical landscape by the rare early 19th century artist, John Martin, is also worthy of note. Its top estimate is also £120,000, a fair rise on the £73.10s paid for it in 1947 and the £13,000 in 1979.

Christie's is offering a a wide price range to entice new buyers. You can pick up a portrait for £6,000 or less. Apart from the Benjamin West there should be considerable interest in four paintings of Indian scenes by William Hodges, which were commissioned by Augustus Cleveland, who ruled a considerable slice of India before his early death, aged 29. They descended through his family, which married into the Christie's of Glynderbourne, and are being sold by Sir George Christie, who can anticipate at least £500,000 if they all sell.

Another gentleman disposing of his art is Lord Daresbury who is popping-in around 20 sporting pictures. The Americans may have lost interest in this genre, but first-time picture buyers are often attracted to a hunting scene or a close finish at a race track. There is also a large group from the North Carolina Museum of Art. Unlike British museums and galleries the Americans have no qualms about weeding out their lesser works of art to raise money to buy better and fresher.

On December 11 Phillips hopes to get in on the act by selling its most expensive work of art ever, another Constable, "The entrance to Fen Lane", which could make £3m.

COLLECTING

Those which climb the highest fall the furthest

The economic downturn has hit the international art market. ***Homan Potterton*** *charts the rise in buy-ins and the fall in prices*

BY THIS stage no one is in any doubt but that the art market, particularly the auction market, has taken a tumble and the effects of the chill are being felt worldwide.

From the dizzying glamour of the Manhattan auction rooms of both Sotheby's and Christie's to the more chaste surroundings of the Adam Salerooms in Dublin, things are not going too well.

"Bee-eyes", as the auctioneers euphemistically refer to those items which remain unsold – "Bought In" they say when they are feeling more expansive – are now a great deal more common than record prices were in the halcyon days of not so long ago; and that was very common indeed. Sotheby's much-publicised sale of the Pan Asian Collection in New York the other day realised \$2.73m (£1.38m) against a pre-sale top estimate of \$4.8m; and at Adam's recent sale of Irish art – a boom market of yesteryear – 36 per cent of the lots on offer failed to sell.

It goes without saying that those things which climb the highest fall the furthest. Prices for paintings by the Irish landscape painter, Paul Henry, spiralled last year to an eventually staggering £63,800; but out of five pictures by him offered at Adam's last month, only one – a modest work – was sold, and that fetched a meagre £3,200.

Similarly the case of one of the greatest masters of the 20th century, Willem de Kooning. His "Interchange," painted in 1955, became the most expensive contemporary painting ever sold at auction when it went for \$20.6m at Sotheby's New York exactly 12 months ago; but last May his "Woman as Landscape", dating from the same period as "Interchange," became one of the biggest "Bee-eyes" on record when Sotheby's failed to sell it at \$4.75m against a pre-sale estimate of \$9 to \$12m.

It was in the field of Contemporary Art that the art boom of recent seasons reached its most preposterous levels. Auction records in millions of dollars that were made in the autumn were broken in the following spring as works of art, which were no more than a few decades old, flooded into the salerooms.

The work of Pop artist Roy Lichtenstein was a case in point. His record of \$792,000, established in 1986, became \$2.09m in 1988 and \$6.05m in May of this year. But it was also in May this year that the market suddenly cooled.

At Sotheby's main sale of Contemporary Art on May 8 last it came as a shock when 31 per cent of the lots on offer failed in an auction which totalled \$55,874,500. The magnitude of the collapse may be appreciated when one considers that at the big contemporary sale in the same rooms six months previously, only 8 per cent of lots were bought in at a session which totalled \$98,285,000. At Christies's last May, 34 per cent was unsold and the grand total was \$40,166,500. The previous November Christie's sale totalled \$62,359,100.

The big autumn sales of contemporary art in New York followed by Impressionist and modern Art a week later are one of the pulses by which the health of the art market is gauged and Sotheby's, Christie's and the art market in general are, with some justification, awaiting the outcome of next week's sales (Sotheby's on November 6 and 7, Christie's on November 7 and 8) with some trepidation.

Both auction houses have started to hold modest Contemporary Art sales in early October – to test the water as it were – and results from those sales a few weeks ago do not exactly augur well. At Sotheby's sale on October 4, 41 per cent was bought in; at Christie's the following day, the figure was 29 per cent.

Oil in troubled waters: "July" by Willem de Kooning, on sale at Christie's New York next week, estimate: \$5m-\$7m.

Sotheby's is estimating that its main Contemporary sale next week will bring in between \$38 to \$50m, Christie's expects \$47.7m to \$65.4m. One of Willem de Kooning's large abstract coloured paintings dating from 1956, "July", is top lot at Christie's: it is estimated at \$5m to \$7m and as it is fresh to the market, having been in the same private collection since it was purchased from the Sydney Janis Gallery the year it was painted, it may sell well. But it is unlikely to topple the artist's record of \$20.6m.

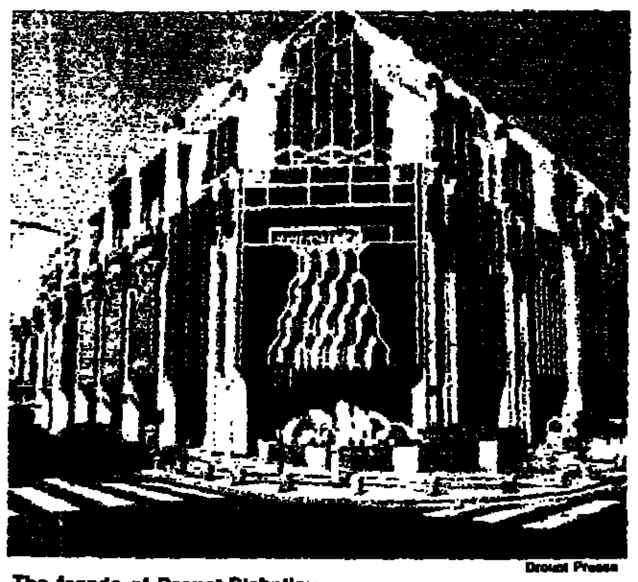
Christie's is hoping for a record price for a Cy Twombly painted in Rome in 1961. It comes from a European collection and is estimated at \$4m to \$6m: Twombly's record of \$5.5m was set by a Japanese dealer at Sotheby's in May.

There are several major Abstract Expressionist works at Christie's including a Jackson Pollock, a Franz Kline, and two paintings by Mark Rothko. Pollock's widely exhibited drip-painting, "Number 13, 1949", is estimated at \$3m to \$4m. The Kline of 1957 (estimated \$2.5m to \$4.5m) and both canvases by Rothko – one 1957, the other 1958 – (estimates \$3m to \$4m and \$2.5m to \$3.5m) have long been in private collections which is a point in their favour.

Other top lots at Christie's are by Warhol, Jasper Johns, and Francis Bacon. The nine-panel Warhol "Self-Portrait" may break the artist's record of \$4.07m which was established for a Marilyn in May 1989; the Bacon "Portrait of George Dyer" is expected to fetch up to \$4.5m.

Sotheby's also has work by Twombly (estimate up to \$3m), Kline (estimate of \$1m), de Kooning (estimate \$850,000), Rothko (estimate up to \$2.2m), Johns (estimate \$1m), and Warhol (estimate \$1m) on offer. It is also selling several paintings by Hans Hofmann with estimates of about \$500,000.

Of the four canvases by Jean Dubuffet on offer, two are very fine: "Vaches au Pre" of 1954 (estimate \$2m to \$2.5m) and "Maison Fondee" of 1961 (estimate \$2.5m to \$3m). With four works by Lichtenstein, a fine Helen Frankenthaler and an exceptional Robert Rauschenberg of 1961, "Third Time Painting" (estimated \$4m to \$5m), Sotheby's will be hoping that next week's sales will restore confidence in the market for Contemporary Art.



The facade of Drouot-Richelieu — Drouot Presse

Hammer blow for French auctioneers

Nicholas Powell on the problems confronting French salerooms

THE AUCTIONEERS of France emerged from their recent congress in the sedate Normandy resort of Deauville after hearing what the government has in store for them for 1993 at best confused and at worst in a state of shock.

An open European market will be the biggest shake-up in the history of French auctioneering since its status was first defined by royal decree in 1552. Many smaller houses are expected to be absorbed or go out of business and only the most dynamic firms seemed prepared for change.

The financial state of auctioneering in France is good but could be far better, art world professionals think.

According to figures published by Christie's, French auction sales in 1989 represented over a third of all those in continental Europe – £400m out of £1.1bn, far behind America's total of £1.6bn and Britain's £1.1bn.

French auctioneers enjoy a national monopoly on sales, are officially appointed by the Ministry of Justice and have to work within a byzantine mass of fiscal and administrative regulations.

Faced with the prospect of companies like Sotheby's and Christie's moving on to their patch, panicked French auctioneers are divided between a minority who welcome foreign competition and the enormous impetus they say it will give to the French art market in general, and those who are trying to shore up their profession's fragile protective barriers.

At the Deauville congress the Ministry of Justice representative, Christian Roehrich, said France's auction business must be streamlined at home to make it fit for Europe. In particular he criticised the old privelege of "national competence" whereby an auctioneer may practise in only one region of France (but in Tokyo or Monaco if he wants to) and warned that the status of "minsterial officer" must not be "a source of sclerosis and protectionism."

He also reminded his horrified listeners that French auction companies will soon be able to open their capital to outside sources to the tune of 25 per cent.

Some auctioneers hope the government will allow foreigners admittance only if they pass French qualifying examinations and train with French auction houses. But as France's 440 auctioneers hardly form a weighty lobby the government is expected to do as it pleases.

At present French auction houses are organised into nine regional "chambers". Paris is one and its 105 auctioneers work in 64 companies and account for half the sales in France. Grouped within the umbrella organisation Compagnie des Connissaires-Priseurs de Paris, they share salesroom facilities at Hotel Drouot near the Opera.

With its upmarket jumble sale atmosphere Drouot's 16 salerooms draw around 5,000 visitors a day to a wide range of often middling quality sales of stamps, rugs, vintage toys, wine, jewellery and modern paintings.

Important sales are grouped into special fortnights called "Temps Forts", held twice a year. Since 1988 the largest prestige sales have been held in the Theatre des Champs Elysses on the avenue Montaigne.

Drouot is currently riding high on an economic boom: sales increased by 70 per cent between 1988 to 1989 and have tripled over the past three years.

The figures are not just attributable to the rapid inflation of modern painting prices, now showing serious signs of stagnation. Better quality modern works at more moderate prices should remain a healthy slice of the Paris market.

Modern paintings, for example, represent 41 per cent of sales for France's largest auction house, Ader Picard Tajan, a figure that compares well with the performances of Sotheby's and Christie's in the same field.

Sales of Old Master paintings are rare events in Paris. But sales do reflect the areas of the art market in which France is strong: old books, art deco furniture and objets d'art, silverware, regional furniture and pottery.

Francis Briest, who runs Fance's third largest auction house, which totalled sales of Frs 300m in modern paintings last year, says Paris offers a more personalised service than New York or London.

"In the 1950s Paris was the world's leader in auctioneering and after 1993 it will be the real European capital once again – behind New York but ahead of London. Competition will be tough but European art lovers come to Paris more easily than they go to London," he said.

Jacques Tajan, of Ader Picard Tajan, is a fervent partisan of letting in Sotheby's and Christie's. "The British are already here – they are competent, get good results and already sell French art in Geneva, Monte Carlo and New York. It would be in France's interest if they sold it here," he said.

Guy Loudmer, who last March handled France's biggest auction ever, the Bourdon sale of modern paintings which netted FFr596m, has, like Ader Picard Tajan, built up important commercial links with Japan. His November 25 sale of modern paintings will be broadcast by satellite on high definition TV to five Japanese cities.

"Drouot is suitable for middle-of-the-market sales which are attended mainly by dealers. But it is inadequate and badly situated for the sort of private international clientele we need to attract for top quality sales. We need a place which will have all the necessary services to hand, like Sotheby's and Christie's," he said.

Francois Curiel, managing director of Christie's France and Europe, says the restrictions on the movement of works of art and administrative difficulties – such as the average three-week wait in France for export licences – mean many French clients prefer to buy and sell in the UK and US. Lower buyer premiums – 3 per cent in France as against 10 per cent in London and New York for items over £100,000 – also explain why the French auction business lags behind.

"There aren't any advantages to coming to auctions in Paris. Of course people love coming here to buy art, they enjoy the restaurants and life here. But auctions are so complicated and thebureaucracy is so arcane – and prices are not systematically lower than elsewhere.

"I think the market will open up one day and there's huge potential here. But I look forward to a reduction in administrative difficulties and an all-round harmonisation of taxation. If that happens so much the better. If not, we'll carry on as we are."

Julian Baron, head of Sotheby's in Paris, says that unless French auctioneers adapt to a "non-monopolistic world" they will not survive.

"One only need look at the effect the arrival of Sotheby's and Christie's had on New York to see that if we were able to operate in Paris the city would very likely assume a dominant position in the world art market. It would certainly increase turnover for Parisian dealers and gallery owners.

"It's extraordinary if you consider 50 per cent of works of art sold by Sotheby's come from or have their origin of creation in France. Yet it's the only place in the world we can't hold an auction," he said.

FOOD & WINE

Big is better, if you like pumpkins

I NOW know how Alice must have felt when she took a swig from the bottle labelled "drink me" in that rabbit hole of hers. Within 24 hours I came across offerings Lilliputian on the one hand and Gargantuan on the other. Never before has the dichotomy of size in the vegetable world hit me so forcibly.

At a memorable lunch held to mark the launch of the paperback edition of Raymond Blanc's best seller, *Recipes from Le Manoir aux Quat' Saisons* (published by Macdonald), we saw infant vegetables tucked up in their beds in the garden and met them again on our plates – mini courgettes, leeks no larger than spring onions, turnips as small as radishes, and carrots you might mistake for thinnings. As pretty as a picture they were, and pretty delicious.

Market day in my local town offered no such daintiness but there were plenty of sun-swollen bargains to be had – piles of fat glossy aubergines, obese tomatoes and peppers built on generous lines. Biggest blockbusters of the lot were massive orange and tawny-gold pumpkins, lined up like a taxi rank of coaches awaiting departures from Cinderella's ball. Small may be beautiful, but sometimes big can be desirable too.

STUFFED & ROASTED RED PEPPERS
(serves 4 to 8)

Red peppers as glossy as Chinese lacquer are transformed by cooking from clean, crisp and juicy to soft and rich. Cooked this way I serve them tepid for an appetiser, with bread to mop up the juices. Or, for a lunch dish, I serve them hot with rice or some other grain and a leafy salad.

4 plump, smooth and well shaped red peppers; 8 tomatoes, skinned and cored; 1 bulb of Florentine fennel, trimmed and cut into slivers; 3 garlic cloves, finely chopped; at least ½ teaspoon fennel seeds crushed to a coarse powder; olive oil; 1-2 lemons; a little Pernod (optional); 1-2 oz pinenuts, well toasted; freshly chopped parsley, preferably flat-leafed.

Wash and dry the peppers, leaving the stalks intact. Cut each one in half, slicing from the tip of the stalk to the base, and scoop out the seeds. Brush inside and out with oil and season the interior of each shell generously with salt, pepper, chopped garlic and fennel seed. Sit a whole tomato inside each halved pepper and surround the tomatoes with slivers of bulb fennel brushed with oil.

Wedge the peppers side by side in an ovenproof dish suitable for bringing to table. Pour a generous tablespoon of oil over each one and season again with salt, pepper and fennel seed. Roast at 400°F (200 °C) gas mark 6 for 1½ hours until the vegetables are well cooked and lightly coloured.

Anoint each stuffed pepper with a drop of Pernod if you want to heighten the fennel flavour. Check the juices for seasoning and give them a drop of the hard stuff too if you like. Garnish with wedges of lemon and scatter with the pinenuts and parsley just before bringing the dish to table.

AUBERGINE & SESAME CREAM
(serves 8)

This looks like a deep, crustless quiche studded with aubergine and spiced with cumin and sesame seeds. I like it best as a first course, with a few frizzy endive leaves on the side to offset the richness. It can also be served as a partner for cold roast lamb.

¾lb-1lb aubergines; 3 tablespoons sesame seeds, well toasted; 2 teaspoons cumin seeds, toasted and crushed to a powder; 1-2 garlic cloves crushed with ¼ teaspoon or so of salt; 2 whole eggs plus 1 egg yolk; 8 fl oz whipping cream; a little parsley.

Peel and dice the aubergines. Steam them for 8-10 minutes until tender and drain very thoroughly. Then put the aubergines into a bowl, sprinkling the well toasted sesame seeds between layers. Lightly beat together the garlic, the powdered cumin, some black pepper, the eggs and cream. Pour this over the aubergines and mix gently.

Lightly oil a deep flan tin measuring 8 inches in diameter, line it with a circle of greaseproof paper and brush with oil again. Put the aubergine mixture into the tin, spreading it evenly, and bake at 300°F-325 °F (150°C-160°C) gas mark 2-3 until set.

Leave until tepid before unmoulding and peeling away the greaseproof paper. Decorate, for the sake of colour as much as for flavour, with flat parsley leaves or a ring of chopped curly parsley. Serve cold, the same or the following day, cut into wedges like a cake.

PUMPKIN SOUP WITH CHESTNUT & APPLE
(serves 6-8)

For dinner this can be served lightly garnished with a sauté of diced apple and crumbled roast chestnuts. For eating round the bonfire the soup should be so generously laced with fruit, nuts and croutons of fried bread that a spoon will almost stand up in the bowl.

A slice of pumpkin weighing about 2½lb; 2-5 fine dessert apples; ¾lb-1 lb chestnuts; 1 onion; 1 small orange; scant 1 tablespoon finely chopped fresh ginger root; nutmeg and allspice (or caraway seeds); butter and oil; 2pt stock; bread for making croutons.

Chop the onion and soften it in a little oil in a large soup pan. Cube the pumpkin flesh and add it to the pan together with the ginger, the finely grated zest of the orange, a good grating of nutmeg and a large pinch of allspice. (If preferred, omit the nutmeg and allspice and flavour the soup with lightly bruised caraway seeds instead.) Stir to coat with fat and flavourings and pour on the stock. Cover and simmer gently until the pumpkin is soft enough to crush to a puree. This may take anything from 20 to 40 minutes.

Meanwhile, prepare the other ingredients. Roast the chestnuts, peel and break them into pieces. Better still, enlist helping hands to do this for you. Peel and dice the apple, sauté it briefly in a little butter until golden, and keep hot, uncovered. Dice the bread, fry it until crisp and keep hot separately, again uncovered.

When the pumpkin is ready, process it to a puree or pass it through a Mouli-legumes. Return it to the pan, add the juice of the orange and the chestnuts. Reheat gently and check seasoning.

If it is to be served for dinner, you may like to thin the soup with a little more stock or creamy milk, then serve it with the garnishes of apple and croutons in separate little dishes so that everyone can help themselves. For a substantial supper soup, add the apples to the pan at the same time as the chestnuts but, for the sake of crunchiness, save the croutons until the moment of serving.

Philippa Davenport

Richard Smart lets in some light at Moorlynch Vineyard in Somerset

Hurricane Smart hits the vines

Jancis Robinson meets a man who preaches revolution

AUSTRALIANS ARE not famous for their tact. They exist, one California wine man has suggested, to make Americans seem suave and sophisticated. It is hard to imagine then a more incongruous meeting of cultures than a recent Canopy Management Workshop at which England's genteel vineyard owners paid to hear what outspoken Australian viticultural scientist Richard Smart had to say about their fledgling and oft-ridiculed industry.

More than 80 of them were prepared to drop secateurs in the middle of what promises to be an exceptionally good, if not particularly big, English vintage to listen to a guru they had flown halfway round the world.

The most striking thing about England's vignerons *en masse*, it has to be said, is their age. Not exactly old, and fitter than many a teenager, they look the target market for those selling garden kneelers and ribbed jumpers covered with canvas patches. Partly perhaps because they are more likely to be ambitious gardeners or hedonist farmers than wine connoisseurs, these pioneers are particularly thirsty for advice. Vineyards seem to have joined, or perhaps supplanted, country pubs as Third Age pursuits and there are now more than 400 vineyards covering about 2,000 acres of British soil.

This was the 21st vine growing Workshop conducted by Dr Smart, a no-nonsense iconoclast who has revolutionised vine growing in New Zealand, has clients in Australia and the US, has nosed around vineyards all over the vinegrowing world and is earning himself an international reputation. He offered his services to English vinegrowers after a brief stopover last year.

"I had the impression then", he explained to his audience, "that you suffer some of the problems common to new vineyard areas and that maybe I could help. Yours is one of the most interesting industries I've seen anywhere in the world."

There was an outbreak of expectant knee-crossing at this point. "What you're trying to do is biologically difficult. You're growing your vines at the geographical limit of cultivation. But it's worth doing because it is technically possible on the best sites, because the industry can enrich the UK with its tourism implications and because British agriculture's a bit in the doldrums at the moment and can do with all the help it can get.

"You have got a basic problem though – lack of profitability – because of the unpredictability of the climate, and because so many of you are trying to do things on too small a scale.

"You're a new industry bedevilled by Old World problems. You've learnt your technology from Europe, so some of the things I say today will verge on heresy.

"The principle that irrigation ruins wine quality, for example. I understand why the Europeans think it. They're wrong, but I understand why they think it. Some of you may feel your blood pressure rising. Just hang on till question time and we'll talk these things through.

"I regard myself as a winemaker. It's very common that I go into a vineyard, make some adjustments, often to the vine trellis, and improve wine quality. I hope that by the end of the day you will have some new ideas on applying techniques to improve wine quality in your vineyard. You may also improve yield but that's a side benefit." The faces above the Barbours looked brighter already.

When he got to the part of his standard introductory lecture that deals with rot, they all stopped taking notes. There is nothing an Australian can tell an English vinegrower about that particular consequence of a humid climate which, until the last two benevolent summers, has actually determined the date of the harvest in many cases.

Rather than wait until the grapes are fully ripe, the normal procedure, some English growers have had instead to start picking when they feel the grapes should rot no more.

But Dr Smart's most relevant diagnosis may sort out that sorry state of affairs (although, as he pointed out, there is always global warming to console the English wine industry).

Smart's thesis is that vines in England, as in New Zealand where he was until recently the Ministry of Agriculture's vine man, tend to be too vigorous, too leafy to do the job of grape ripening properly.

His theory is that the European idea that a struggling vine makes the best wine may in reality be based less on the exact nature of the soil, but on the fact that if the vine struggles there's not too much leaf, or canopy.

"On a more vigorous vine if you remove the leaves that are shading the fruit, you will increase the quality (and, incidentally, the yield) of the resulting wine. "The French have been very, very clever in defining quality as something they do and enshrining it in law."

A Francophile would at this point be examining Dick Smart's shoulders for indentations but this audience, like just about all wine producers outside France, also tend to see France as the intransigent, privileged adversary. His theory is that many accepted European vineyard practices – strict pruning, heavy trimming, frequent cultivation – are in fact continuously "devigorating" the vineyards.

"Maybe what's great about the famous vineyards is not just the soil, the climate and the grape variety, but the interaction between fruit exposure, leaf exposure and the vine's physiology – and those are all things you can manipulate, which is magic.

"At least some of the reason why areas like the Central Valley in California produces such poor wine is that they have these dreadful heavy canopies shading the fruit. I'm not saying they could produce great wine but they could produce much better wine if their canopies gave better exposure. I've demonstrated that in hot, irrigated, supposedly low quality Australian vineyards."

He argues that increased use of fertilisers and chemicals has tended to increase vigour everywhere and sees too many leaves as his natural enemy. Too dense a canopy turns inner leaves yellow and stops fruit ripening as well as restricting the ripening of the vine's wood that is crucial for future harvests. And shade reduces not just sugar but colouring, tannins and flavour elements in the resultant wine.

Smart had an array of canopy-lightening trellises to propose, depending on the the natural fertility of the vineyard but wisely acknowledges that the standard French systems are perfectly sensible for low fertility sites such as the accepted great vineyards of France.

He talks such sense that these English vine growers, many coping with vigorous sites, were fired with enthusiasm for making more and riper wine by a rethink in the vineyard. As for Smart, he is angling for a nice retirement job eventually managing the canopy of the famous vine at Hampton Court, planted two years before Captain Cook set eyes on the Antipodes.

■ *There are many really fruity, well-made English 1989s. Harcourt Fine Wines of 3 Harcourt Street, London W1, (071-723-7202) is as good a place as any to find these useful aperitifs, at around £5 a bottle.*

HOW TO SPEND IT

Watch my lips — but keep on shopping

A recession is on the way and the high-rollers are reduced to eating stew but New York is still a spender's paradise, says ***Lucia van der Post***

IT'S LEAN TIMES, say the headlines. Recession ahead (Watch My Lips) say the newsreaders gloomily as yet another company's life blood ebbs away on the Dow.

New York landmarks like the Bonwit Teller and B. Altman department stores have disappeared. Traipse around the shops in the posh parts of New York and you'll quickly sense the way the wind is blowing — they are full of bravado, like an ageing diva defying the years, but the signs of gloom are unmistakably there.

The shelves are filled with seductive and sumptuous merchandise but the marked-down rails are fuller and fatter than I ever remember. Outside my hotel, in a salubrious area on the upper East Side, a young man, one of many who has taken to the streets, nightly lies down on his cardboard bed above a warm-air grating.

Mind you, one man's idea of lean times is another man's high living — it seems that the charity-bash set are having to nosh on beef Bourgignon (sic) which, as *The New York Times* acerbically comments, is "a dish also known as stew." At the same event last year they dined on four courses with salmon and duck instead of "stew." Christmas parties this year, *TNYT* goes on to mourn, are going to be a real pinch — no more the "$25,000 Saturday night bash," instead "a party in-house with the secretaries ordering the food." Fetch the Kleenex.

Hot topics, too, seem as preposterously frivolous as ever. The really big question is — has Madonna had a lip implant or has she not? How else, say the showbiz watchers, to account for the fuller, rounder, more pouty pout? How indeed.

But for all that, for those with sterling in their pockets (as I write the dollar stands at nearly two to one) New York at the moment seems, if not like bargain-basement time, at least as good value as one is ever likely to find it.

A good hotel room in a good area can be had for the equivalent of £80 a night and though that isn't cheap, it's a lot better value than you would find in the UK. Clothes in particular seem, garment for garment, much better value and of course all-American products (like Lauder cosmetics, tennis balls, toys) are considerably cheaper.

First-timers to New York should remember that there is a sales tax — currently 8¼ per cent of the retail price — which accounts for the large numbers of Manhattanites who seem to regard department stores more as a branch of showbiz, places to suss out the prevailing looks — where else does a New Yorker with the mean blues head for but, like Holly Golightly, the modern temple and source of solace, the shop?

For serious shopping they go out of town, out to New Jersey, to that great American invention called the Mall, where sales tax on clothes is non-existent and other taxes are lower. Secaucus, in particular, just 35 minutes from central Manhattan and open on Sundays, is where you will find cut-price warehouses selling anything from a whole fitted kitchen to a full-length leather coat for $800 instead of the $1,200 it would cost in New York.

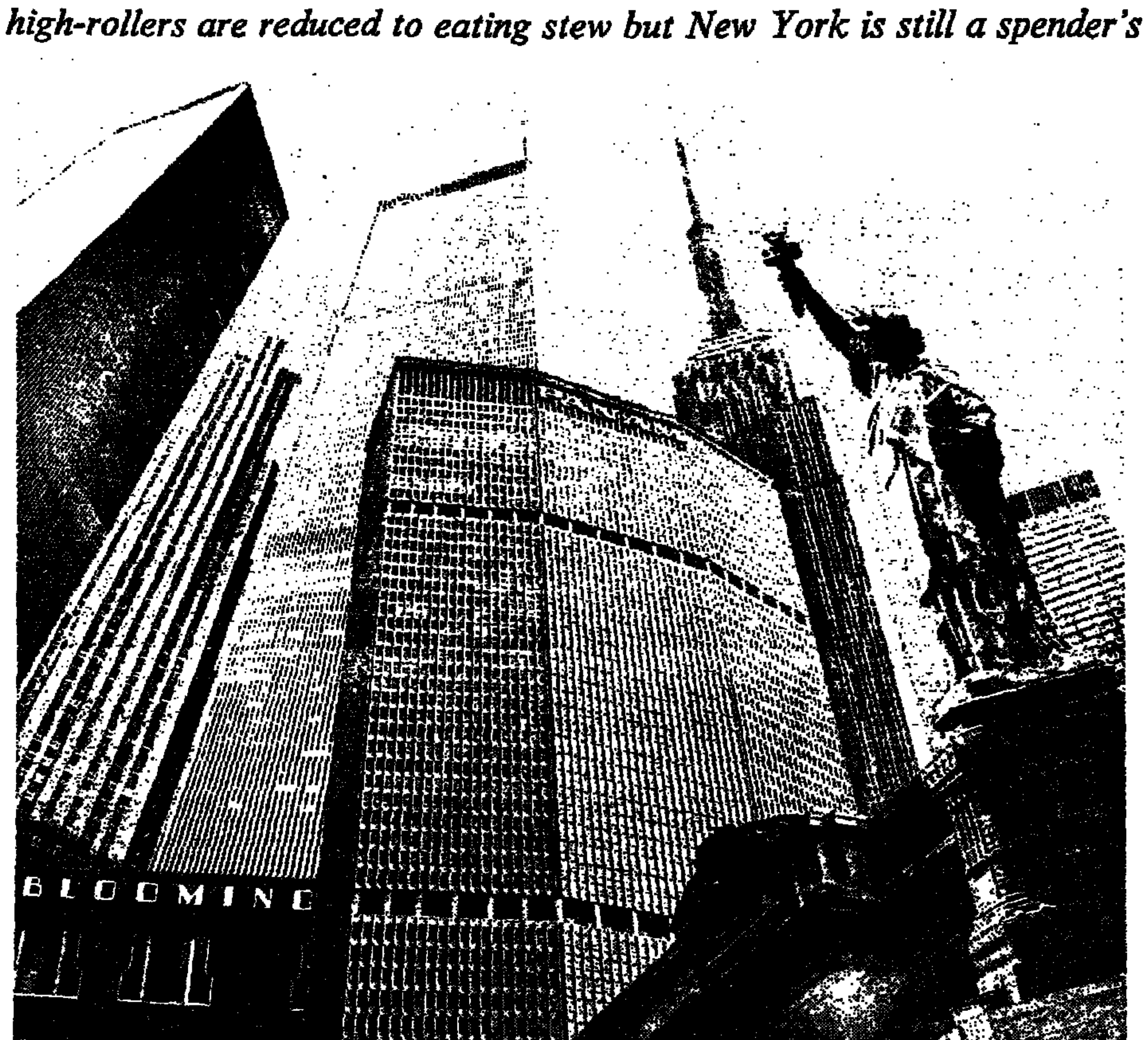
Those on tight budgets can always pick over the stacked rails in the cut-price stores in Orchard Street down on the Lower East Side on a Sunday, but for sheer glamour there's nothing to beat a nice troll through a posh New York store. You can, as they say, "have a nice day" without spending a dime.

Bergdorf Goodman on Fifth Avenue is my favourite — here Donna Karan fans can see the complete collection, as well as other glitzy designers, but don't miss the antique jewellery on the ground floor and the home department on the top floor, which is awash with seductive little items for house and garden.

Next door is a separate brand-new men's department, full of seductive little boutiques which should keep the chaps happy and next door to THAT is the smallest, chicest menswear store in town, Ermenegilda Zegna — but more detail about the New York menswear scene another time.

Bloomingdale's, on Lexington Avenue, is hectic; high on buzz and glitzy merchandise — still the best place for tights, many colours and brands not available in the UK. Look for Ralph Lauren's smashing new colours at £11 a time, and Donna Karan's tights with control tops, a great invention. Just beside the "hose" you'll find the best, most glamorous assortment of hair ties, slides, bows and ornaments I've seen.

Bloomies' "intimate apparel" department continues to amaze — this is the place to find serried ranks of bras to suit every shape and fit under every garment (including backless dresses) and knickers of a quite extraordinary variety. I was particularly taken by some called "The End" which the packaging tells me have a "unique back seam and moulded seat to give the lift that's needed for a sensuous shape." The sensuous shape is extra.



Then there is underwear that doubles as outerwear — essential, so the pundits tells us, for the winter wardrobe. If you're wondering how to wear it what you do is this — you find a vest or camisole or "body", lace-bedecked or in an appealing colour, and you wear it just slightly showing beneath your drop-dead chic jacket. Look particularly for the Natori label.

If designer names like Armani and Chanel aren't in your price bracket look for the excellent value Liz Claiborne label which gives all the current looks at much lower prices. At present only available Stateside, but the good news is that it is coming here later.

Some New Yorkers, though, tell me that they find Bloomies too hectic and prefer the cooler, more sharply edited charms of Barney's (7th Avenue and 17th St) where they can shop in tranquil elegance. Fans of Kiehl's cosmetics might like to know they don't need to make it to the main store at 109 3rd Avenue, as Barney's now stocks a good selection.

Knit Couture, 800 Madison Avenue, patronised by Tricia Nixon, Mrs Bob Hope, Lady Bird Johnson, sells the Chanel-look (jackets about $500) made-to-measure in any colour combination at a fraction of the price of the real thing.

Golfers longing for a set of Ping clubs could order them in advance from Larry's Golf Shop, 21 West 35 (tel 563-6895) and pick them up at roughly half the British retail price.

Harley-Davidson fans prepared to go in for the big purchase could save themselves a packet — top of the line models, my informant tells me, go for about $12,000 (in the UK they cost £12,000). BUT, you'll have to add on about 43 per cent for customs duty and insurance and shipping costs, although that still should save at least £2,000.

Charivari, 16/18 West 57th Street, which used to be a small but sought-after fashion store, has become what *New York* magazine calls "a full-spectrum laboratory for directional design." Not the place for a cosy, ladylike number in which to meet your future in-laws, more the place for something sensational and bang up to the minute. "Safe," says the owner, "is not interesting."

Williams-Sonoma, 20 East 60th St, has a strangely un-American air of understated chic with its pared-down, beautifully light interiors selling tasteful kitchenware. A good place for kitchen and foodie presents — Californian sun-dried tomatoes, bottles of avocado oil (a great hit with the health freaks as it is mono-unsaturated, cholesterol-free and lower in calories than most other oils) and simple, traditional blue and white striped and gingham cloths. A mail order catalogue too — from Williams-Sonoma, Mail Order Department, P.O. Box 7456, San Francisco, CA.

ABC Carpets, 888 Broadway at E.19th Street. A friend tipped me off about this or I would never have found it. A wonderful warehouse that used to sell just carpets and now sells everything the ambitious or aspirational home-builder could ever hope to find under one roof.

Mario Buatta, New York's grandest interior designer, is a regular prowler round its floors. The shop features every style from over-blown roses and antique needlework through American Colonial and folk pieces to genuine antique pieces, all at prices that seemed to me exceedingly good.

There are small things like gilded tassles, bed linen, cushions, table cloths and napkin, cushions and decorative Colonial art as well as grand antiques. An absolute goldmine of a place and I wish we had one here.

For kids F.A.O. Schwarz is still *the* best place to look but it has moved just across the road to 767 5th Avenue. If you have young children on your present list this Christmas you could score a big hit by bringing back one or more of the esoteric mutant turtle accessories unavailable in the UK. Another indubitably American present would be Andy Warhol's colouring book — charming whimsical sketches of serpents, dragons, lizards, birds and other creatures done by Warhol when he was at an advertising agency way back in the 60s before his more than 15 minutes of fame hit him. Published by Callaway Editions, $24.95.

Manhattan Fruitier, 210 East 6th Street, (tel. 260-2280) will deliver unusual baskets of mixed fruits in a charming basket all entwined with silver-wrapped chocolates, berries, leaves and other foliage. A lovely way to thank a friend for dinner.

Hotels. Quite simply the nicest of them all, in my view, is the Carlyle — charming, old-world service and in the Cafe Carlyle there's Bobby Short playing at night during November and December.

The Westbury on Madison at 69th Street also has old-world charm and excellent service and, though in fact quite large, has an air of being small and intimate — around $240 a night. As I left New York the international fashion set were all piling into Philippe Starck's latest, The Paramount, right in the heart of theatreland at 235 West 46th Street. This is really very inexpensive ($80 a night) but some of the rooms, I'm told, are claustrophobically small.

The other Philippe Starck designed hotel — The Royalton at 44 West 44th Street — is quite stunning visually; all white-draped chairs, chrome and steel and, as always with Philippe Starck, the loos are visually the star turn so pay a visit to the "rest-room". It attracts a glamorously eccentric international clientele and just to lunch there is quite an experience. About $275 a night.

The MUST-SEE show is City of Angels, a slickly all-American musical-cum-thriller, at the Virginia Theatre, 245 West 52nd Street — but book in advance (977-9370). Rave notices also for Gypsy, St.James' Theatre, 246, West 44th Street, a musical revival about stripper Gypsy Rose Lee. Jazz and Blues fans would love Black and Blue, Minskoff Theatre, 200 West 45th Street.

When it comes to nourishment New Yorkers seem to have little acquaintance with pots and pans, cookers and washing-up. Restaurants and delicatessens is where food comes from. They continue to be as much about showbiz as food with New Yorkers seeming to attach a grave importance to where and what they eat (arugula seems to be OUT, focaccio IN) but it all makes for fine entertainment.

The big hot spot of the moment is Franco di Niro's Tribeca Grill downtown in a huge cinematic centre at 375 Greenwich Street on the corner of Franklin St. You must book (tel 941-3900) and beware — there is no name outside and our taxi-driver certainly hadn't heard of it. "If weda pudda a name on it, weda have 500 in line outside," explains the waiter.

Bice, 7 East 54th Steet, (tel. 688-1999) is a chic Italian joint ("the best risotto I've ever had" says one of our New York team) and a good after-the-theatre place. The night we went the cast of diners looked as if they'd come straight from Godfather III.

REMEMBER deprivation chic? It followed on from radical chic — well, it's alive and well in the shape of the brand new Doral Saturnia restaurant at 38th and Park Avenue, where you can munch away on starters at under 100 calories, on baked Norwegian salmon at 372 or pizza with tomato, basil and mozzarella at 144 calories a time. Puds are possible, too — lots available at less than 100 calories a time.

So, if cholesterol and calories matter head for the Saturnia's Spa-Cuisine. Most posh restaurants these days offer a range of special starred low-calorie and low-fat dishes — in other words, if you can afford posh prices you probably have a calorie and cholesterol problem.

Punsch, at 11 West 60th Street (767-0606) is another must book-ahead spot. Near the Lincoln Centre, it looks like nothing from outside - but inside its Scandinavian-French food (as if that's why you go) is much patronised by the beau monde.

A posh Upper East Side eating spot for those who like something a little more elegant if not sedate is Aureole at 34 East 61st Street — delicious food New York style, the most wonderful flowers I've ever seen in a restaurant and a glamorous older crowd.

The Rainbow Room at 30 Rockefeller Plaza, a great glamour spot of the 30s, has re-opened amid general rejoicing and there is no better spot to dine AND dance. New Yorkers are flocking in such numbers that booking is essential.

The Metropolitan Museum is not only a wonderful place to visit — you have to take in a different room on each visit — but is also a marvellous source of excellent copies of some of its exhibits, including some especially nice jewellery.

One other thing: New Yorkers really dress up. They seem to make an effort every minute of the day, so if you have glitzy costume jewellery, swishing serapes and sharp suits, then take them. And if you want to do lots of walking, do as the New Yorkers do and put trainers on your feet. Nobody will bat an eyelid.

HOT RED lips have signified glamour all through the ages. From Scarlett O'Hara to Mata Hari (what other colour could she possibly have worn?) through to Joan Crawford, Marilyn Monroe and Man Ray's sofa, full red lips have long been a way to make sure you get noticed. Like double-decker buses, red lights and pools of blood, red is hard to ignore.

These days red lips are definitely back, and pure, hot

red lipsticks are what the softest, fullest lips are wearing. Though most of the fashion editors in town have long had Paloma Picasso's brilliant red Mon Rouge tucked away in their handbags, £15 may be more than most of us want to pay for a fashionable pout. So what are the other options?

Chanel has a Rouge de Minuit at £8.75 which many a chic woman about town always has on hand. (Madonna's favourite is rumoured to be Chanel's Star Red). Estée Lauder has a very moisturising lipstick at £10 called Perfect Rhubarb, while Christian Dior's Rouge Mysore at £8.50 a time is the best-seller in its range.

Lancôme's Rouge Octave A Levres Satin is another, £7.50. Marks & Spencer offers the cheapest of the lot with its Ruby Red in the classic range at £1.75 and True Red in the Images range at 99p for the younger set. Revlon's Revlon Red at £6.95 is water-resistant and good for extended wear, with sun protection offered as well.

Shiseido's Vermeil costs £8.25 and due to a special formula stays the same true red on everybody. Shiseido's Soft Red is for those who are not so brave or whose lips are either very thin or large.

For advice on lipsick lore in general and red lipsticks in particular we went to Stephen Glass of Face Facts, 73 Wigmore Street, London W1, who for from £37 gives a personal 1½ hour make-up lesson, in other words "a couture face." This is is what he had to say.

There are lots of different pure reds but somewhere there is one to suit everybody. For example, Margaret Thatcher wears a red with a bluish tinge which he thinks looks a little hard — a more corally red would be more flattering. Red is a very powerful colour and the balance on the rest of the face must be right.

Always use a lip pencil (Chanel does a colourless one) to give a clean outline (you can improve on nature). Apply lipstick with a brush (ESSENTIAL). Then blot with a tissue. Then blot again with *papier poudré* (tissue papers impregnated with powder) and then re-apply the lipstick with a brush.

L.v.d.P

FINANCIAL TIMES NOVEMBER 3/NOVEMBER 4 1990

Ups and downs of acquiring winter climbing skills

David Scott on tailor-made mountain and walking courses

MIKE DENNIS arranges and leads winter and summer walking and mountaineering courses in Scotland for groups or individuals that wish to hire his services. He is not cheap but he has a reputation for creating imaginative, tailor-made programmes that challenge, inspire and occasionally frighten the participants.

I had joined him, somewhat nervously, on a course designed for keen summer walkers wanting to learn winter climbing skills. There were six of us in the party, all men. They included Mike's assistant, Gerald, two young executives and an 18-year-old apprentice from a Welsh paper mill. At 45 I was the oldest.

We travelled together in two cars to our base in Scotland, a wooden holiday chalet in Onich, 7 miles (11 km) from Fort William. On the evening of arrival we discussed safety on the hills and the basics of navigation in winter conditions, ice axe and crampon techniques.

By early light on the following day we were on our way to climb Ben Starar, 1,078 metres (3,525 ft), my first ascent of a Munro (a Scottish mountain over 3,000 ft). On the way up we practised breaking a snow or ice slide by rolling over and pressing the chisel end of one's ice axe into the rucksack strap-padded area of soft flesh under one's shoulder and then pressing and leaning the sharp end of the axe into the snow. Mike Dennis was a good instructor. He was friendly but retained an element of objective reserve.

On Day Two we climbed Mullach Nan Coirean (939m). On the way up we observed snow phenomena such as wind slabbing (a cause of avalanches), overhanging cornices, snow feathering and spindrifts. We also sighted a white-haired mountain hare, two ptarmigan and the tracks of Scottish wild cat. I discovered to my relief that my clothes and equipment (borrowed and bought according to a list supplied by Mike Dennis) stood up to the conditions and that my legs were as strong as those of the others except for the Welsh lad, who was something of a human snow plough.

The following day the alarm was set for 5am. We left the chalet for Fort William at 6am and from there took a two-carriage sprint train to Corrour Station, a stopping point surrounded by high mountains and moorland with no access by road. The platform was a metre thick in snow. We left the station and set off eastwards in the half light of a winter dawn, heading for the banks of Loch Ossian.

As we approached a wood at the loch's edge, a herd of red deer came into view. A muscle-rippled stag watched us, then slowly turned and sauntered off, taking the herd with him.

We turned north and started the steep climb to the summit of Beinn na Lap (937m).

We took turns kicking steps in the thick soft snow. It was exhausting work and one of the group retreated to the station. On the summit we each dug a shallow depression in the snow and settled down for tea and sandwiches.

Almost immediately, and without warning, it began to blow. The dividing line between earth and sky quickly disappeared in a blanket of snow. We rapidly packed our thermos flasks and stiff, snow-flecked sandwiches. Mike took a compass bearing and led a fast descent from the mountain top.

My eyes were stung to closing by horizontal, driving snow. I attempted to get my goggles from the side pocket of my rucksack but the zip was frozen. Head down, I got close to Mike and followed his heels. Suddenly I was stepping on air, not the imprint of his footsteps, and then found myself sliding rapidly down a steep icy slope.

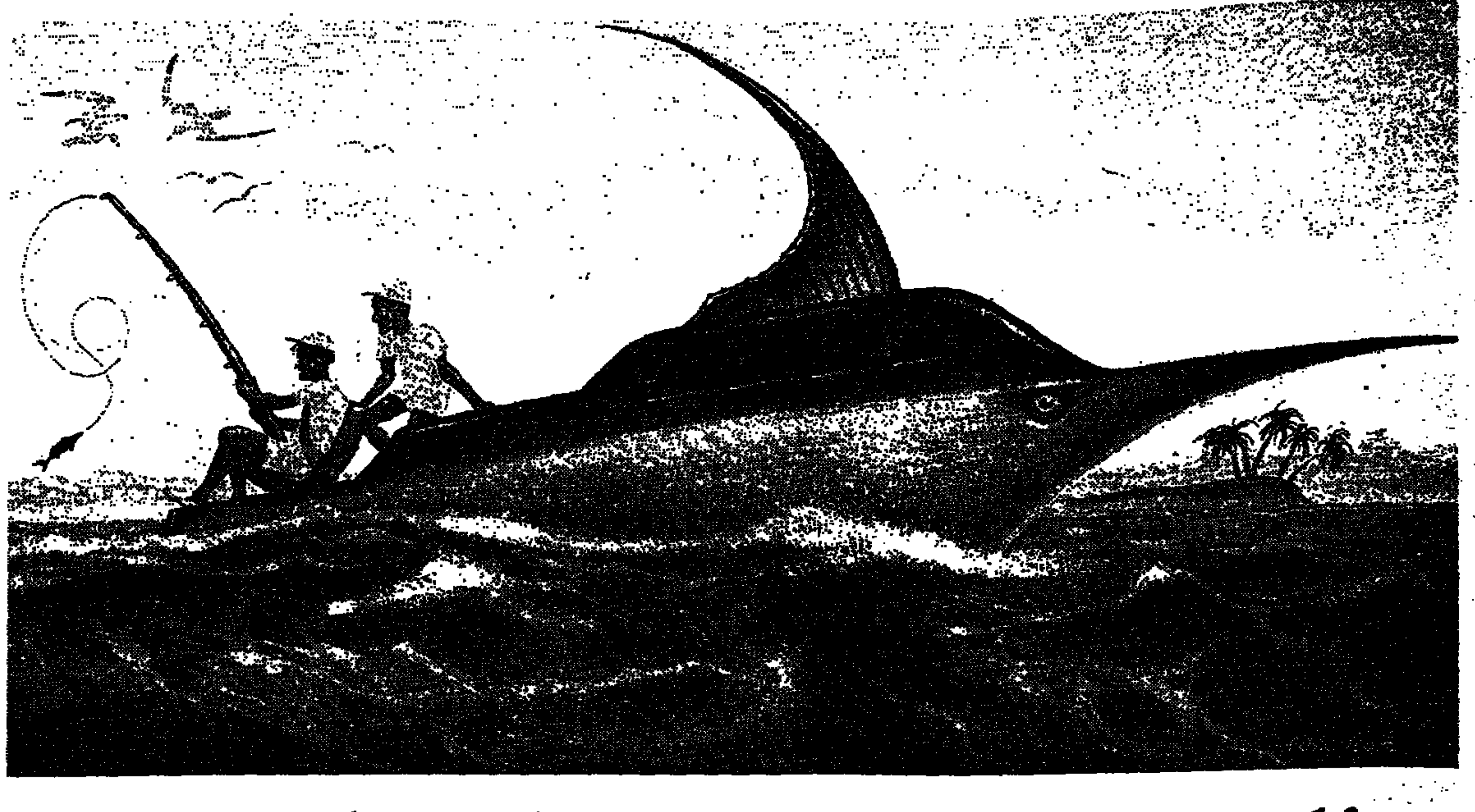
By a mixture of instinct and the previous day's training I managed, to my surprise, to stop the fall by turning onto my ice axe. I gingerly looked up and down. Mike was shouting to me; he was only six or seven metres away, and not far below me was gently declining mountainside. I slithered down, got up and joined the rest. With prudent haste I loped down the mountain in long strides, keen to get off.

By Day Six two of the group had retired with blisters, caused by ill-fitting boots. Four of us set off to climb the Peak of Treasure (Sgor na h-Ulaidh, 994m), in the Glen Coe mountains. We walked along wild boggy moorland and then started up a ridge that led to the summit. The snowline began at 200m and as we climbed higher the snow got thicker, harder and more icy. For the first time in the week we needed to put on crampons. I loved the security of sure-footedness they gave, even on steep slopes.

Further up the mountain, gale-force winds viciously whirled loose snow into the air. The going got steeper. To move forward, I discovered I had to follow Mike's example and dig in the ice axe, take two steps, dig in the ice axe, take two steps, grit my teeth, dig in, etc. My calf and thigh muscles burnt with pain. Yet I was surprised and amused to discover that I was enjoying the experience enormously.

From the mountain top there was a glorious panoramic view of the winter highlands. We enjoyed it for a brief moment and then descended. My gaiters were still causing the tongues of my boots to chafe the skin on my shins, but I was satisfied, and thinking of winter trips on my own that I now felt confident to plan and tackle.

■ **Mike Dennis can be contacted at Solid Summit, Oaklands, Trevor, Llangollen, Clwyd. Tel: 0978-820152. In addition to Scottish trips he can arrange courses throughout the UK.**



Life, death and blue marlin

Nicholas Woodsworth on the lure of big game fishing

THE WORLD, Ernest Hemingway would surely observe were he with us today, has become a smaller and sadder place. Knocking down elephants with Manlicher rifles is no longer on. Bull-fighters are not heroes any more, but simply twisted men wearing tight pants and Mickey Mouse ears. Harry's Bar is now a hang-out for grey-suited wimps sipping mineral water. Divorced wives have become more expensive to collect than polo ponies. Communism and Fascism are dead words, and battles between good and evil are things of the past. The bell, in fact, has tolled for just about everything worth fighting or playing hard for.

Is there nothing left worth the attentions of big men with big money and big equipment? The answer, so I was told recently, is yes. It is a beast that can weigh more than 1,000 lbs, swims at 60 mph and takes up to six back-breaking hours to haul into a boat. It is called the blue marlin.

Big game fishing, as any Hemingway reader is aware, is no joke. A serious business, it involves such weighty themes as masculinity, struggle and harmony with the universe, and death.

Hemingway did his big game fishing between Key West and the coast of Cuba, where Caribbean waters offer fair to middling chances of landing a marlin. Cutting the odds, I did my marlin fishing off the Indian Ocean island of Mauritius, home of record-size marlin and the annual Marlin World Cup championship.

Nor did I take any chances with equipment. Availing myself of the big game fishing services of the Sun International-owned La Pirogue Hotel (co-sponsor and host of the championship), I fished from a boat Ernest himself would have been proud to exercise a death wish on. Loaded with machismo the entire length of its 42 ft forward-raked hull, the *Moana* featured a throaty twin 210-horsepower diesel engine roar. It also bristled with devices capable of landing a marlin.

Surely among all this complex equipment none of the symbolic elements of the Hemingway sexual mystique could possibly be absent? True, there were none of the smoking barrels and spent shot of the land-based big game hunting safari. But as I tried strapping a heavy 6 ft rod, complete with massive brass reel casing at its base, into a webbed harness at my crotch, I couldn't help feeling this was a fair substitute. I didn't even dare contemplate the use of the cushioned metal swivel chair, adorned with slotted recesses and reinforced foot braces, solidly bolted on to the planking of the aft deck.

Finally, to ensure complete success, I had asked to go out with someone who knew what he was doing. This is surely a vital element in the plans of anyone like myself who, on the whole, does not know what he is doing. Thus at 6.30 one cloudless, windless, gorgeous Mauritian morning I found myself heading out to sea with two crewmen and an English big game fisherman named Alan Hart.

Serge and Francois I could figure out. Mauritian creoles with 15 years of marlin boat crewing behind them, they were silent, competent men who got on with a job they liked and knew well. Their big game fishing client, Alan Hart, was another kettle of fish, and took me wholly by surprise.

When I had heard the name the night before, I had thought it might have been invented for the purpose of a marlin hunt. It was a solid, reassuring name, a sportsman's name, a name to catch big fish. I had expected a tall, lean aristocratic figure with deft movements and sharp eyes. But the man who strode the decks of the *Moana* encased in bright orange and blue bermuda shorts and a pink T-shirt sporting the logo "After the Marlin!" did not fit the image I had constructed. A vast, jovial, florid-faced Eastender, Alan Hart is a Billingsgate wholesale shellfish monger who lives and dreams just one thing – fish.

A man who can wear shorts that display tropical atolls, bikinied water skiers, palm trees, setting suns, clouds, flocks of birds and a score of other items all at once is a man to be reckoned with, and I quickly got to like Alan Hart. As Serge guided the boat out to sea and Francois baited six separate lines with 4-inch plastic squids concealing vicious hooks, he told me a little about his love affair with fishing.

He cannot stand the taste of fish, but is incapable of staying away from rod and line for long. As a child he spent every spare moment he could fishing in canals, streams and lakes. As a middle-aged adult, he still spends every moment he can fishing, preferably in salt water.

Trained as a master butcher, it was not long before he switched to the wholesale marketing of crabs, lobsters, mussels, cockles, whelks and winkles. Up at 3.30 every morning, he is finished at Billingsgate fish market by 10.30, leaving a long day often spent by sea or lakeside. He loves nothing more than spending a wet winter's night before work beach-fishing for cod between Deal and Dover.

He has never read Ernest Hemingway. "There is only one book that got me completely wound up," he confesses. "It was called *The Complete Sea-Anglers' Guide to England and the Rest of the World*. I lost it long ago and have never been able to find another copy." Readers please take note – if anyone knows the whereabouts of such a book, please get in touch with Alan Hart at Billingsgate.

It is only recently, he acknowledges, that a little astute play on the Stock Exchange has allowed him to fish further afield. Two previous fishing trips have taken him to another Mecca of deep-sea fishing, Mombasa. This is his first trip to Mauritius, but definitely not the last – out fishing six times in the last two weeks, he has been able to pay the £200-a-day boat and crew hire each time with winnings at La Pirogue's casino. "They call me Mr Lucky," he modestly admits.

Our talk about the bruising Hart's kidneys took while bringing in a 310 lbs hammerhead shark two days before comes to a rapid halt: one of the baited lines has been ripped from the boat's lowered outriggers and is paying out with a scream. Suddenly, all 17 stone of Alan Hart is tense, concentrated energy. The butt of his rod is secured by the belt at his crotch, its tip rises and falls as he alternately hauls in line and takes up the slack, and for the next 10 minutes the sweat pours off his face.

Finally, in the clear, deep blue water at the stern of the boat, I see a flashing, twisting, silver fish, doing its utmost to avoid coming to the surface. But Alan Hart's arm is tireless, and eventually the exhausted fish is scooped into the boat by Francois. It seems to be about 1½ ft long and to weigh about 10 lbs.

"Is that a baby marlin?" I ask, doubtfully, remembering that any marlin under 200 lbs is often considered too small to keep and thrown back.

"Blimey, no," he says. "It's a bonito. We've just caught our bait. A marlin will take that and a 6in hook in one bite. Now we're ready to start fishing."

Hart may be ready to start fishing, but the marlin apparently are not. With a couple of bonito some hundred yards behind the boat – they have been pinned between the eyes, are still alive, and will provide some very life-like bonito action for the entire day – we troll slowly up and down the coast. The hot sun rises to its zenith above the sharply pointed mountains of Mauritius, and my nose slowly turns to hamburger.

Like the true fisherman he is, Alan Hart refuses to give up hope as at 5 pm, marlinless, we begin a final turn into the Grande Riviere Noire Bay and home. Even Mr Lucky has his off days. "You just don't know what it's all about until you get that strike and see a half ton of fish sail clear into the air," he says.

But like a true non-fisherman, I am satisfied. I have bared myself to the great questions of masculinity, struggle and harmony with the universe, and death, and come home in one piece. Surely that is enough for one day?

■ **Nicholas Woodsworth** travelled to Mauritius courtesy of Air Mauritius (Tel: 071-437-7075), and stayed at La Pirogue Hotel and Casino (Tel: 230538-441, telex 4255). Information on both hotel and marlin fishing can be obtained from UK Sun International Hotels, Badgemore House, Gravel Hill, Henley-on-Thames, Oxfordshire. RG9 4NR. (Tel: 0491-574546.)

TRAVEL BOOK

ECONOMISTS and politicians have long shaken their heads in despair about the British obsession with housing at the expense of wealth-creating investment in industry, writes Keith Wheatley. The phenomenon also has an historical aspect. Hardly has a manor house to be tickled with dry rot or a Palladian mansion suffer loose slates than out come the "heritage chequebooks."

Historic boats and ships, on the other hand, have a devil of a job finding any kind of quasi-public funding for restoration and preservation. For example, the *Great Britain*, probably the most significant merchant ship built anywhere during the 19th century, has been undergoing volunteer restoration at Bristol for nearly two decades. Would it have taken so long if Brunel's masterpiece had been a house?

The question matters because Britain has the greatest stock of maritime heritage anywhere in the world. However, for every *Cutty Sark* or *Discovery*, there is a vessel that will not last a decade without time and money.

Portsmouth dockyard now has a new rôle as Britain's pre-eminent centre of naval heritage. Three historic warships, *Victory*, *Warrior* and the *Mary Rose*, are on display there.

HMS Victory is still a commissioned warship, with a commanding officer and naval ratings to man her; they also guide the tour parties. It is this that gives her an atmosphere way beyond anything that a museum can generate.

HMS Warrior was a ship that changed the RN almost as much as did the *Victory*. Despite iron-hulled merchantmen becoming commonplace by the 1850s, the Lords of the Admiralty remained convinced that warships would always be built of oak. When the French launched *La Gloire*, a battleship with 5 in of iron cladding, the admirals began to change their minds. *Warrior* was the response.

Warrior's presence in the Channel kept the peace between Britain and France. She never fired a shot in anger. Fully restored, she now sits at Portsmouth just a musket-shot from the *Victory*.

In a nearby warehouse sits the *Mary Rose*, nearly 500 years old and raised from the bed of the Solent. The physical convergence of the three ships, plus the splendid naval museum, makes Portsmouth a historical site of international importance, the equivalent of the Tower of London or the Parthenon. Yet it is short of the funds and structure for long-term development.

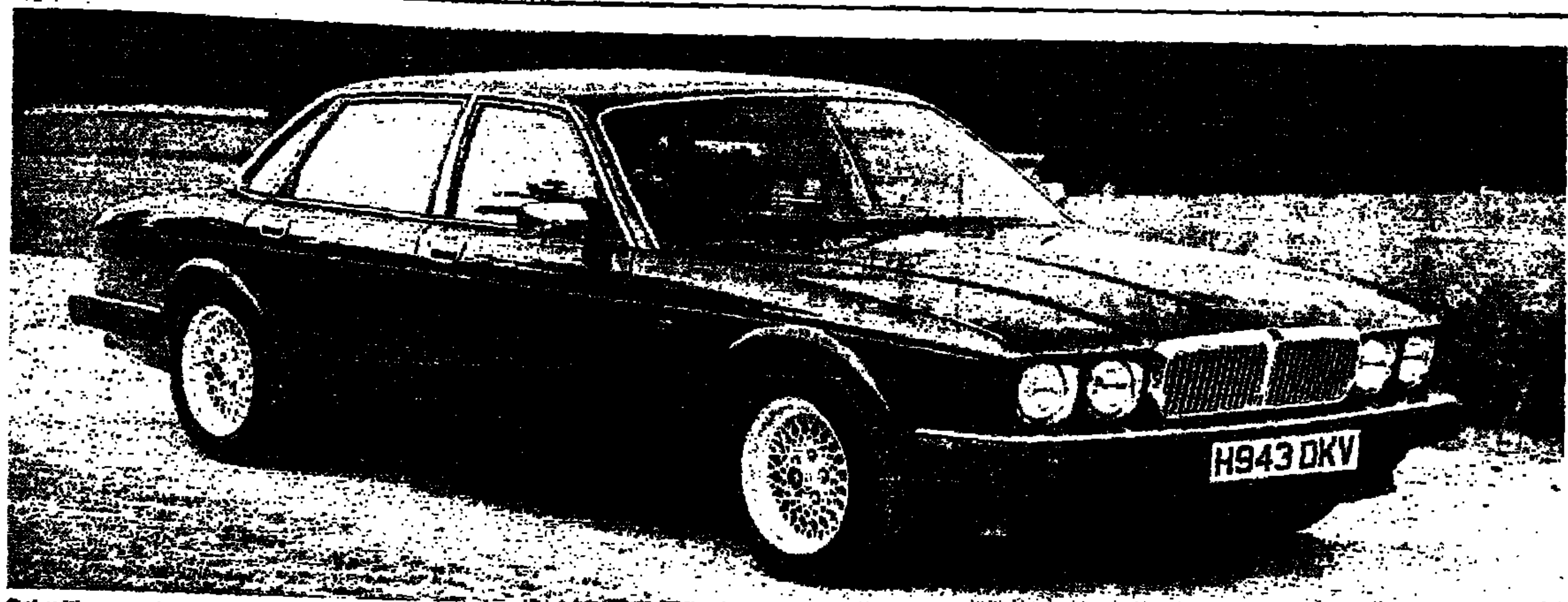
Each ship lives from day-to-day on the money gained from admittance fees. Those who might have travelled thousands of miles to see the *Victory* have to queue on hard benches outside in the rain.

■ **The National Maritime Museum Guide to Maritime Britain, by Keith Wheatley, has just been published by Webb & Bower, at £15.95.**

Fine Art Courses

The trip to Umbria described last week by Antony Thorncroft was organised by Fine Art Courses. Details from the company at 15 Savile Row, London W1X 1AE. Tel: 071-437-8553.

MOTORING



Cat with a catalyser: The Jaguar XJ6 3.2 with sports handling pack. Firmer suspension and fatter tyres make it feel sharper

Jaguar aims for a racing green

***Stuart Marshall** drives an improved version of a luxury classic car*

DOUBLING – perhaps trebling – the annual tax on cars with engines of 3-litres cylinder capacity and over seems one of the more obvious options for the Chancellor next March.

It would raise money without touching the *Retail Price Index*; mainly affect company owned or leased cars; and demonstrate environmental concern on the premise (not always true) that the larger the engine, the more fuel it is likely to burn and the more carbon dioxide it will put into the atmosphere.

Any rise in the cost of motoring is unwelcome. But, if the tax on the smallest engined Jaguar XJ6 went up from £100 to £200 or even £300, it might seem a *modest* price to pay for the improved performance.

The new 3.2 litre, 24-valve, 200 horsepower engine which replaces the former 2.9 litre *has an exhaust catalyser* as standard. It is 35 per cent more powerful than the 2.9 and develops 32 per cent more torque (pulling power). This works wonders *for driveability*.

The 3.6 XJ6 I used last week had manual gears and the optional sports handling pack. Like most Jaguar users, I far prefer automatic transmission but I found the manual 5-speed box easy to shift and the clutch agreeably light. Even better, the engine's smooth, low speed pulling power meant very little gear changing was necessary in traffic. Sensible gearing (70 mph/113 kmh per 1,000 rpm in top) made for easy though spirited *open-road driving. There* was so much power on tap that I never felt I was having to row the Jaguar along with the gear lever, as one often did in a well laden 2.9 in hilly country.

Fitting the new, 300 cc larger engine has actually reduced fuel consumption a little. The official figures for a manual 2.9 litre XJ6 with catalyser for urban cycle, constant 56 mph (90 kmh) and 75 mph (120 kmh) were 17.4, 34.9 and 28 mpg (16.2, 8.1 and 10.1 l/100 km) respectively. For the 3.2 litre engine they are 19.6, 35.8 and 29.4 mpg (14.4, 7.9 and 9.6 l/100 km). That suggests a long and relaxed *journey* might yield a consumption of 26 mpg/10.9 l/100 km. My mix of town and motorway, with a dozen cold starts, gave me a reasonable 22.5 mpg/10.1 l/100 km).

The *sports handling pack* is not one of those embarrassing sets of bolt on plastic bits that spoil the look of any nicely styled car. *It consists of major* under-body revisions that stiffen the suspension and sharpen up the steering, plus 16-in diameter forged alloy wheels 225/55ZR Pirelli P600 tyres with ultra low profile.

The XJ6 3.2 litre I had on test was the best handling Jaguar saloon I have driven. The soft, *floating ride that some* passengers find upsetting and the excessively light steering had gone. Although the suspension was firmer, and response to slight movement of the steering wheel much sharper, ride comfort was almost as good as ever and tyre *thump not troublesome*.

The only disadvantage was the tendency of the fat Pirellis to "tramline." They picked up all the little imperfections on the concrete or tarmac and were inclined to follow their own path. It wasn't enough to demand steering correction but *it did make the Jaguar feel* rather fidgety when it should have been running in a straight line.

Nothing else of significance *has changed. The styling is of* classic, undating elegance. For a car of its size, it is not exceptionally roomy. The boot takes two sets of golf clubs in their trollies, but not a lot besides.

Reacting to public distaste for things digital, Jaguar has gone back to proper instruments with needles and dials and very good they are, too. There is an easily understood on-board computer and lots of warning lights.

The price, including the £2,900 *sports* handling pack and a high-class Alpine audio unit, is £26,650. One can spend a great deal more on a car that looks and feels far less distinguished.

Rust – the truth!

MOST OWNERS of cars that are no longer young but which have been given lots of tender loving care know how infuriating it is to find that hidden rust is making the paint bubble.

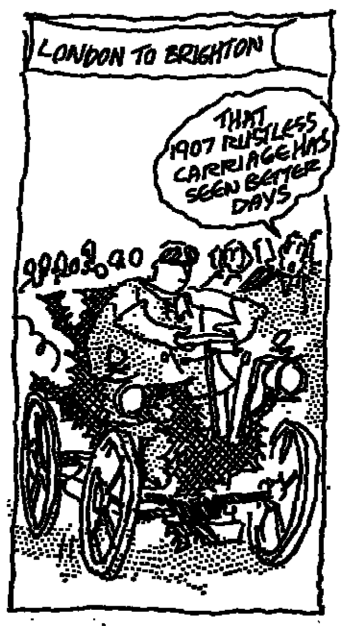
The six-year anti-perforation warranty is no help because the panel hasn't rusted through. What the owners want to know is why it should have rusted at all and what the manufacturer or his agent is going to do about it.

The answers (allegedly faulty design and usually the offer of a goodwill discount on a repair) are to be found in a new book, *Motor Vehicle Corrosion*, by Dr Hugh McArthur. McArthur, who subtitles his book "Sorry, sir, it's *stone chipping*", argues that all design-induced corrosion should be covered by the manufacturer's six-year warranty.

Rust attack on cars is not the most pleasant subject. It is something most of us prefer to forget about – until, that is, the first signs appear. McArthur's book is hardly light reading. But it would be of great value to car owners about to lock horns with manufacturers or dealers over corrosion claims. That is the time when you really need to know what you are talking about.

■ *Motor Vehicle Corrosion, by Dr Hugh McArthur (£7.95 from Expert Books, Woodhouse Eaves, near Loughborough, Leicestershire LE12 8SD).*

S.M.



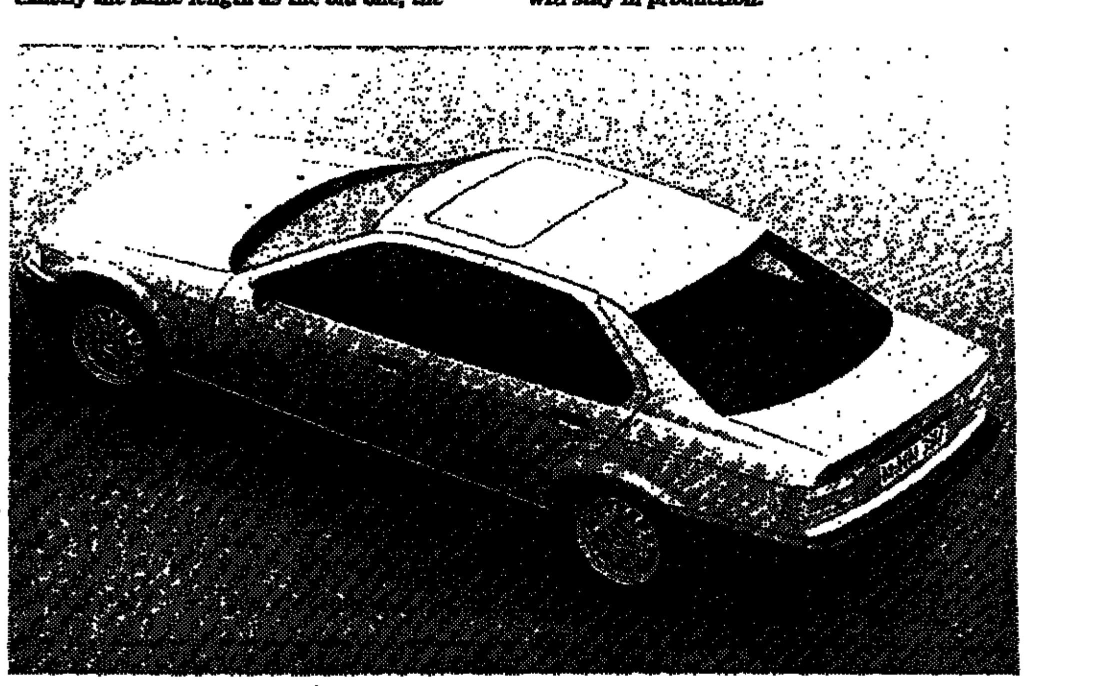
These are *the first official* pictures of two new German executive-class cars that will be reaching British buyers next summer – the Audi 100 and BMW 3-Series. By that time both will have been on sale on the Continent *for some months* writes Stuart Marshall.

Audi has said little so far about the 1991 model 100 (above) except that its smooth aerodynamic shape is all new and that it will *eventually be the first of* its marque to have a V6 engine. Until the luxury V8 appeared in 1989, all Audi cars had four or five cylinder engines, mounted longitudinally forward of the front wheel centres. The fives were *used because there was no room for an in-line* six.

Entry model 100s will have a 1.8 litre 4-cylinder engine similar to that used in the *VW Passat. Although the new 100 is almost* exactly the same length as the old one, the wheelbase is about four inches (10 cm) longer.

Just as the new Audi *100 shows a family* likeness to the V8, so does the BMW 3-Series (below) demonstrate kinship with the larger 5-Series and 7-Series cars. A low bonnet, concealed screenwipers, a *high tail* and, in some cases, faired-in wheels all reduce aerodynamic drag and thus fuel consumption at autobahn cruising speeds.

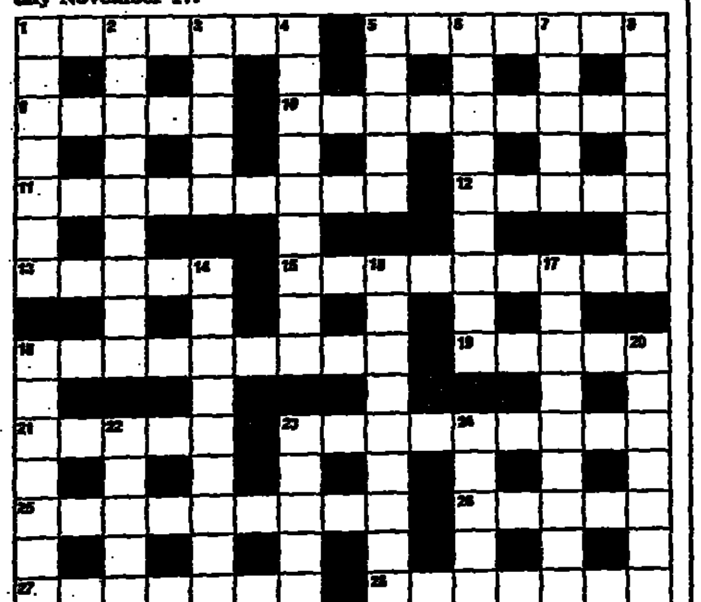
The new 3-Series is five inches (12.7 cm) longer than the current *model. Reports from* Germany say it will be launched with four and six cylinder engines of between 1.8 and 2.5 litres capacity with outputs ranging from 113 *to 190 horsepower. The first 3-Series to* appear will be four-door saloons though two-door versions will follow soon after. Until the new 3-Series Touring semi-estate cars and the cabriolets arrive, the existing *models* will stay in production.



CROSSWORD

No. 7,384 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 14, marked Crossword 7,384 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 17.



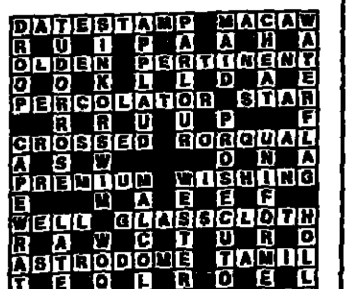
ACROSS

1, 5 Author from city in Burgundy (Germany) among birds (7,7)
9 Gather from hell, no less (5)
10 Apart from most of Sri Lanka, a city in Spain (9)
11 Alluring fashion used to evict revolutionary (9)
12 Ring given by king to Gwyn? (5)
13 Island to leeward of mountain? (5)
15 Piece of entertainment – a boxing match makes a complete change (9)
18 Venerable person gets wrong part with chair (9)
19 Eastern front's for Geraint and Edith (5)
21 A public house is a pest in the garden (5)
23 Norwegian port sends coach, including goods vehicle, by river (9)
25 Associated with eight feet are two more heartless challenges at football (9)
26 Accent at the end? (5)
27, 28 Backbone at back: dash inside for fragile light plant (7,7)

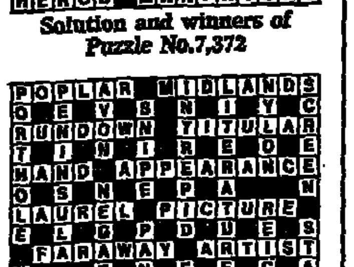
DOWN

1 Read about lips being read (7)
2 Oath, a very loud one, on lifeboat lifter (9)
3 Lay in worldly riches (5)
4 Agony aunt's niece? Moderate sits awkwardly within (3,6)
5 Lament for Foulridge? (5)
6 Examine partner at end of game (9)
7 Take the shine off poem to the queen (5)
8 Red vehicle driven by learner in group (7)
14 Neat explanation for the word "nave" (of a church) (9)
16 What the audience does in genuine run-through (9)
17 Agenda altered – put in mineral drink (9)
18, 20 Changer of appearance outclassing rep that changes order (7,7)
22 Parliament removed with Indian language (5)
23 Find answer to 5 in fish (5)
24 Gas ought (we hear) to follow with Jason (5)

Solution to Puzzle No.7,383



Solution and winners of *Puzzle No.7,372*



R. Hockney, Marton-in-Cleveland, Middlesbrough; B. Pace, Buckland Newton, Dorset; D.M. Smith, Tilbury Town, Essex; Mrs O.J. Smith, St Albans, Herts; H. Walker, Harden, Yorkshire.

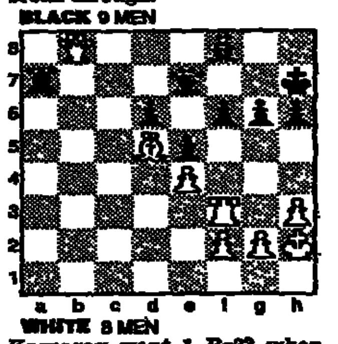
CHESS

ANATOLY KARPOV levelled the scores at 3½-3½ in the world championship in New York last week when Gary Kasparov played listlessly in one of the worst games of his career.

Kasparov's form has deteriorated after his brilliant start, while Karpov has begun to direct the games into his preferred strategic battles.

Earlier Karpov had the better of the opening in game six, but underestimated Kasparov's pawn sacrifice which seized the initiative. Approaching the time control, Karpov was reduced to passive defence while Kasparov looked for a *break-through.*

BLACK 9 MEN



WHITE 8 MEN

Kasparov went 1 Rc3? when Karpov found a breathing space by 1 ... h5! 2 g4 Kh6 3 gxh5 Kxh5 4 Rc8 Bg7. Kasparov had to seal his next move, *but sat alone* for half an hour on the deserted stage, occasionally shaking his head glumly. He sealed 5 Re8 in the envelope, but next day agreed to a draw without further moves since Karpov replies 5 ... Qc7 while the black king is safe from danger at h5 and h6.

Instead 1 g4! would have posed Karpov difficult and perhaps insoluble problems. Black is a pawn up, the battle is on a narrow front, and there are the drawish bishops of opposite colours; but Karpov is almost movebound. He is effectively limited to oscillating his rook between a7 and c7 or his king between h7 and g7. White plans to meet Ra7 by Rc3-c8 or Kh7 by Kg3, h4 and g5; while if Black shuts up the game by ... g5 White manoeuvres his rook to c8 after which Kg7 loses to Re8 while ... Bg7 fails to Bg8+, Be6+ and Bf5 mate.

While K *and* K *continue* their heavyweight battle, many grandmasters are preparing for the chess olympics in Novi *Sad, Yugoslavia, from November* 16 to December 4. England, silver medallists' behind the Russians in the last three olympics, again have the beneficial sponsorship of private bankers Duncan Lawrie, and will field their strongest team of Short, Speelman, Nunn, *Adams, Chandler and* Hodgson.

There are signs that the traditional pre-eminence of Eastern Europe in the chess olympics is being undermined by political change. Estonia, Latvia and Lithuania have all applied to enter separate teams and an increasing body of opinion in the International Chess Federation (Fide) favours their admission. Karpov and Kasparov will be *absent*, so improving England's chances.

Hungary are established among the top five countries along with the USSR, US, *England and Yugoslavia; but* indications are that they will be weakened by the absence of several top players. Some Hungarian selectors want to field the Polgar sisters, who are reportedly holding out for an appearance fee of over £100,000.

Meanwhile the Polgars, widely *nicknamed Polgaria*, are defeating strong opposition on their own. The sisters won 11½-6½ against the Greek national men's team, led by GM Kotronias, hero of the Watson, Farley & Williams event recently reported here; then they won 10-6 against a Yugoslav team at Novi Sad, site for the olympics. And as always, it was 14-year-old Judit Polgar who shone with attacking chess reminiscent of Bobby Fischer at the same age. This week's game could be vintage Fischer.

White: Judit Polgar. Black: *GM Petar Popovic.*

Sicilian Defence (Novi Sad 1990).

1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 Nc6 *6 Be3* e5.

The trouble with this advance is that Black has permanent light-square weaknesses at *d5 and f5*, so I prefer the obscure complications of 6 ... Ng4 7 Bg5.

7 Nf3 Be7 8 Bc4 O-O 9 O-O Bd7 *10 Bb3* Rc8 *11 Qe2* a6 12 Rfd1 Qc7 13 Nh4 Na5 14 Nf5 Bxf5 15 exf5 Nxb3 16 cxb3 h6 17 g4 Qa5 18 g5 hxg5 19 Bxg5 e4 20 Bxf6 Bxf6 21 Nd5!

Much stronger than 21 Nxe4. The powerful centralised knight cuts the black army in two.

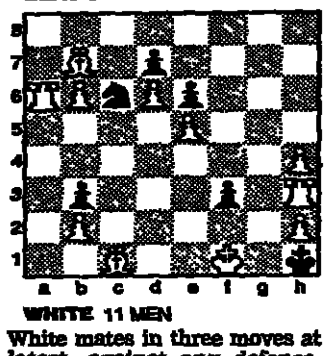
21 ... Qd8 22 Qxe4 Re8 23 Qg4 Bxb2 24 Rab1 Bf6 25 Rd3 Re5 26 Rbd1 Rc5 27 b4 Rc2 28 Rg3 Ree2 29 Qh5!

The decisive moment. Black's doubled rooks on the seventh look dangerous, and he possibly planned 29 ... Rxf2 and if 30 Re1 (idea Re8+) Bd4! But Polgar meets Rxf2 by 30 Nxf6+ Qxf6 31 Re1 Qd8 32 Qg4 Qf8 33 Re8! and wins. Lacking his intended resource, Black's game collapses.

29 ... Bh4 30 Rg4 Bxf2+ 31 Kh1 Re5 32 Qh6 Resigns.

PROBLEM No. 845

BLACK 6 MEN



WHITE 11 MEN

White mates in three moves at latest, against any defence. This problem by T and J Warton was once addressed to "Any Important Chess Club in London" with a plea from some *baffled Italians for the solution* "otherwise we'll all go mad". As often with apparently insoluble puzzles, the idea is disarmingly simple once you see it. *Solution Page X*

Leonard Barden

BRIDGE

My first hand comes from rubber bridge. Let us study Look to the End:

N
♠ A K 9 7 5 4
♥ 3
♦ K 7 2
♣ A Q 3

W
♠ 8 6 2
♥ 9 8 2
♦ Q 9 5 3
♣ 10 7 6

E
♠ –
♥ A K J 10 6 4
♦ 10 8 6
♣ K J 9 2

S
♠ Q J 10 3
♥ Q 7 5
♦ A J 4
♣ 8 5 4

East dealt and opened the bidding with one heart, and after two passes North re-opened with a double. East rebid two hearts, South said two spades, and North's four spades *concluded* the auction.

West led the nine of hearts, won by the king, and East returned the 10 of diamonds. This was covered by knave,queen,and king. Crossing to the *spade* queen, South *ruffed* a heart, crossed again to his hand with a spade, ruffed the heart queen, drew the last trump, cashed the diamond ace, and cut adrift with another diamond. West won with the nine, *and* switched to the 10 of clubs, and South was defeated.

The declarer went wrong at trick two. He should allow the diamond 10 to hold. He wins the next diamond in dummy, *crosses to the spade queen*, ruffs the seven of hearts, draws West's trumps, cashes ace of diamonds, and cuts adrift with the queen of hearts. East is endplayed, and has to lead a club into dummy's *tenace, or* give a ruff discard. By ducking the 10 of diamonds, the declarer makes certain that the elimination is complete before the throw-in, and East cannot escape the end-play.

The next hand comes from teams-of-four:

N
♠ 5
♥ K J 7 3
♦ A K Q 10 2
♣ K 8 5

W
♠ 10 9 3
♥ A 10 9 5
♦ 5 4 3
♣ J 7 2

E
♠ J 8 7 6 2
♥ –
♦ J 9 8 7
♣ 10 6 4 3

S
♠ A K Q 4
♥ Q 8 6 4 2
♦ 6
♣ A Q 9

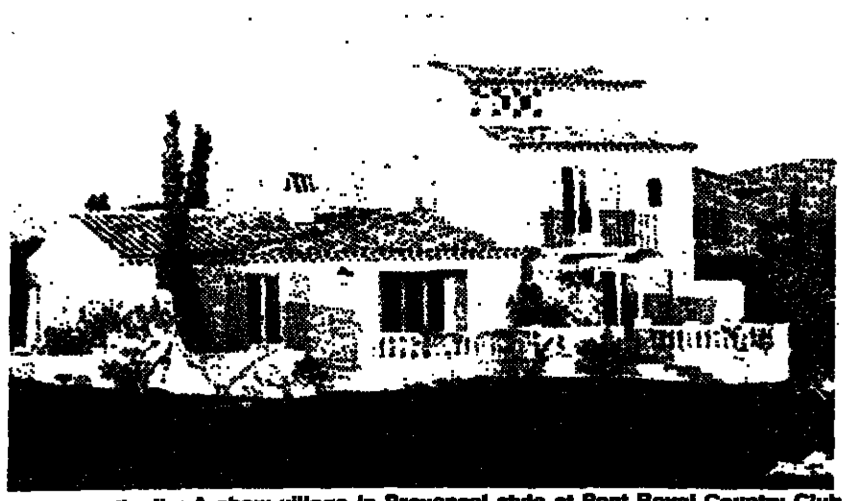
At game to North-South, South *dealt and bid one heart*, North replied with three diamonds, and South rebid three spades. North now said four hearts, South showed his control with five clubs, and North jumped *to six hearts.*

West opened with 10 of spades, taken by the queen, and South led the heart two to the knave. East had no heart, and the *slam could not* be made. In the other room South, also in six hearts, played with more intelligence. He took the spade lead, and considered the position. The contract was cold *unless the trumps were divided* 4-0. If East had all four trumps, nothing could be done; but if West had them, he could be held to one trick by leading the heart queen. West took his ace, and the *4-0 break came to light.* West switched *to a diamond*, won by the ace. The declarer now crossed to his ace of clubs,and led a heart, covered by nine and knave. Declarer crossed to his club queen, and another heart *enabled him to pick up* West's two trumps by finesse and the slam was delivered. When all seems plain sailing, look for possible danger, and see if you can cope with it.

E.P.C. Cotter

FINANCIAL TIMES NOVEMBER 3/NOVEMBER 4 1990

Property



Instant antiquity: A show village in Provençal style at Pont Royal Country Club

Be at home with the language

David Hoppit tours French developments

THE FIRST commandment for would-be buyers of overseas property is "learn the language". Making no attempt to do so is like going to a dinner party and ignoring the hostess. Unfortunately most British buyers in France do "ignore the hostess." Fewer than one in 20 can speak the language reasonably; and 33 per cent have no knowledge of it at all. For one thing it is an impertinence; for another, the Britons who cannot communicate are missing out on the best reasons for buying a home in France.

They will be unable to discuss the vintage and the colour of the wine, to cadge those delicious wet walnuts and wild mushrooms that make France the best place to be in autumn or to haggle in the market place.

France is a huge and diverse country; and as my recent tour demonstrated, there is property for almost every pocket. The "dirt-cheap" bargains are harder to find than they were two years ago, even though the market is quiet; but there are plenty of new holiday homes available, from around £30,000 to several million.

The first consideration when buying abroad is whether the property is for climate or for convenience. Don't invest in Provence if a spur-of-the-moment weekend trip is likely; but the area around Calais (which some refer to as southern Kent) does not enjoy the balmy climate of Antibes. When I win the Booker Prize I will buy an old château in Provence, or the Lot; but agents such as Frank Rutherford and Miles Barber tell me that they are now so popular that it costs more than £150,000 to find something good and habitable.

Ruins can still be found, but the £10,000 or less heap is now found only in less fashionable areas.

Buying old property involves higher charges — allow an extra 10 per cent on the purchase price for taxes, notary fees and the like. Only about 3 per cent is loaded on to the price of new property, but remember that it will already carry a thumping 18.6 per cent IVA (VAT).

My tour took me to four places: an ancient fortified village near Condom, now offering excellent time-share accommodation, the popular holiday area of Languedoc-Roussillon, exquisite Provence and sizzling Cap Martin, where hitherto only billionaires could hope to buy a home.

Château de Fources

Most coaches stop at this beauty spot for about an hour; that, really, is long enough to explore its little square and the handful of shops around it. It is one of the most photographed and filmed villages in this part of France.

In springtime the square is decked with a million blooms for the flower festival. It is, to put it mildly, relaxing.

Coaches gone and dusk falling we sat in the square sipping the sweet Vin de Armagnac called "Floc", picking at the salad Gasconne and waiting for the local duck speciality. Taste buds had been sharpened by a stroll along the river. This 11th century hamlet seems not to have noticed the 20th century.

The castle, battered but not ruined in 1323, has been converted into 10 apartments, each sleeping six people. Weeks, sold in perpetuity, range in price from just under £2,000 to nearly £7,000. (Details from Primeshare: 0449-616055).

Languedoc-Roussillon

A ghastly family holiday near St Cyprien 10 years ago left me with a jaundiced view of an area that was drained 15 years ago to provide happy holidays for Frenchmen; but the children loved it.

The bathing is safe, the big-dippers terrifying and the candy-floss sticky.

But the area, from the sea up to the foothills of the Pyrenees, has much to offer; not least some very drinkable wine; and towards the Spanish border the scenery becomes more rugged and attractive.

My host in this area was Ribourel, one of France's biggest leisure developers. We saw property priced from under £30,000 to very large flats in the £130,000 bracket.

In Canet, the Copacabana Apartotel offers one cheap way of securing family holidays. The 500 apartments, no more than generous hotel suites, are priced between £40,000 and £50,000.

The deal allows a 30 per cent discount on that as long as the buyer allows the hotel the use of the room for 45 weeks during each of the first 10 years; that is to say the owners gets seven weeks a year for their own use. Another deal gives a smaller discount but a small income from letting.

The area which I believe will most appeal to British buyers is around Port Argeles. If a beachside location is important a development called Acapulco, with 105 flats, is worth seeing. Prices start at about £28,000 and rise to £80,000.

A little further south, at Collioure, 125 cliffside homes above a little cove are selling fast; only five remain, priced between £40,000 and £70,000. Six huge flats are also soon to be built there, costing up to £130,000.

Details of Ribourel property from Mills and Co: 06846-3921

Pont Royal

There is so much culture and beauty in Provence that the house-hunter has to compete with the French; so prices are high. Pont Royal, close to Aix en Provence, is destined to become a flagship of European leisure development.

Four villages, one including a church, are to be built on the rolling foothills of the Luberon Mountains, bisected by a championship golf course designed by Seve Ballesteros, his first in France. Not surprisingly sales of property have already been brisk; they are likely to rise dramatically once the golf courses are playing next summer.

The cheapest one-bedroom apartment is about £70,000; larger ones cost from £120,000. Sensitive use of old building materials give these lovely homes instant antiquity. Plots for villas start at £90,000 and rise to £150,000.

Countless good restaurants await exploration. We sat by the the road outside "Le Cherche-Midi" at Charleval, near Mallemort, sipping 1986 Cote du Luberon (Ch. La Verrerie), with courses arriving every hour or so. In four hours only two cars passed.

The next day we scoured the vast market at L'Isle sur la Sorgul for bargains, before venturing to Fontaine de Vaucluse, one of France's most beautiful natural wonders. Sadly the locals have all but ruined it.

Tatty shops selling trash greet the visitor and garbage litters the very source of crystal water that surges from the base of the mountain. Just above a shingle beach where children paddle is Restaurant Philip, from which flow rivulets of pink toilet paper: a testament to a total disregard for hygiene and, worse still, the environment. So proceeds our love-hate affair with the French.

Details of Pont Royal (where hygiene and the environment are of the best!) from 081-332-1234.

Le Cap Martin

On a green and tranquil peninsular just east of Monte Carlo sits what Paris-based developers Corinthe modestly call "La dernière grande adresse" — Villa Olivia, on Cap Martin. It is almost in the league of "If you have to ask the price you can't afford it."

However, there is a chance now for mere millionaires to get a foothold.

In one of the world's most exclusive addresses. In a £65m project about 12 acres are being developed, with 12 blocks totalling 84 apartments now taking shape. Already one of the largest units, a five bedroom home with a 7,000 sq ft landscaped roof garden and pool, has been sold for about £2,500,000. Prices start at just over £500,000.

Details from Osbornes: 071-485-8811.

A Swiss substitute

Audrey Powell looks at alternatives to expensive Geneva

THE BUSINESSMAN making frequent visits to Geneva might feel it would be useful to have a flat in the city. But any form of permanent accommodation there is hedged around with rules. A non-Swiss cannot buy and anything available to rent is 30 to 40 per cent more expensive than in neighbouring France, says Corporate Relocations, in Geneva. So those who can, look for something over the border.

French construction company Helvim suggests Ferney-Voltaire, half an hour's drive from Geneva, where the company is building two blocks of apartments with a choice of types. Cross-border commuting may seem complicated but it is regularly done. And as a bonus Geneva airport is en route.

Ferney-Voltaire is a sleepy rural town with a square, fountain and cafe tables under the trees. There are the tempting windows of two boulangerie/patisseries within a few yards, across the square, so it is as well that there is a sports complex and swimming pool nearby.

The apartment blocks — Les Jargilieres — are a brief walk from the square and the buildings echo the notary's house and other turn-of-the-century properties along the road. They are on three floors beneath shallow roofs. Flats look out on to the trees in the courtyard, or in the parkland behind.

One block has been sold to a bank which is now letting the apartments at about £300 a month for studios to £500 for two bedrooms and garage. Units in the other block are being sold individually.

To purchase, a studio type is £56,000. It is about 260 sq ft — just a living/sleeping room with kitchenette and bathroom. But the ground floor version has its own terrace, along with parking space. It could well make a pied-a-terre for the businessman, or, indeed, the inveterate traveller who likes a European base. (It is 45 minutes to the ski resort of Megeve).

There are larger apartments including a rather different design that sells at £177,000. This has a sizeable living area (which could make two rooms) with balcony, kitchen, two bathrooms and two rooms in a gallery in the roof. Maintenance charge for the flats is between £350 and £700 a year.

Details from Helvim, in Paris, tel 1 40 70 13 13, or Domus Abroad in London, tel 071-409-0571.

Why are these being offered in London? Therein lies a story.

Helvim was founded in 1976 by a Swiss and builds commercial and residential developments in France. It currently builds 350 homes a year, which makes it a medium-sized builder by UK standards. But it feels that in France the housing market is limited, so it thought it would try selling to the British.

Francoise Murzeau, its commercial director, talked to a number of British estate agencies. She decided against the larger ones handling overseas property, believing a smaller, active agency might give the company's developments more attention.

So she opted for Domus Abroad. Domus has now brought in two other small British agencies and the three have formed a consortium to deal with UK sales of the company's projects under Domus's direction.

Its products are varied. To take one other type: 40 minutes east of Paris is Bussy-Saint-Georges, where Helvim has a development of 250 houses going up around an 18-hole golf course. Certainly an easy journey for commuting to Paris — more so when a new station is opened closer to the area.

The properties are spacious, with wide doorways. They have several points that might attract the British buyer if translated to the UK. Those working shutters, for instance, which never seem to appear on today's British homes, even in these security-conscious times. One type of shutter slides out of the walls on either side of a broad bow window, cutting off the glazed area, thereby making the room both warmer on winter nights, and safer.

Front doors have a slice of metal running right through them, like the ham in a sandwich. Security again — negated, though, by glass panels at the sides.

But there are some things that would not go down well with the British and that Helvim would have to change. Kitchens sold with just a sink unit may offer the buyer a full personal choice of equipment, but today's UK family is used to seeing the kitchen in a new house as a glossy magazine picture, presented to them complete and is likely to continue to want that.

So with bathrooms. White may be the "in" colour for fittings at present, but the rooms still have to be dressed up. Again this is magazine territory and the wise builder treats it as such.

So what of Les Maisons du Golf, at Bussy-Saint-Georges? The beige-washed houses with narrow eaves and lacking private gardens, around a rather suburban-looking golf course, might not appeal to the British working in Paris.

But wait. This development has another angle that might attract purchasers and would explain why a new station is to be built. The project is ten minutes away from what will be the entrance to Euro Disneyland, due to open in 1992. Just think of all the people now starting to work on it and the travel companies who will want accommodation for visitors coming to look at all those Mickey mice.

You are told by Disney people that "the success of each Disney theme park has contributed to significant economic growth in its surrounding area . . . Orange County, California, has experienced a 40-fold increase in the number of hotel rooms since the opening of Disneyland"

Investors could be interested. If they are, the three to six bedroom detached houses are available from £146,000 to £249,000. Again, details from Helvim or Domus Abroad, telephone numbers as above.

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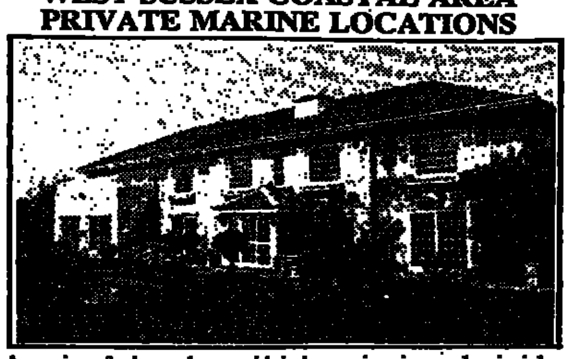

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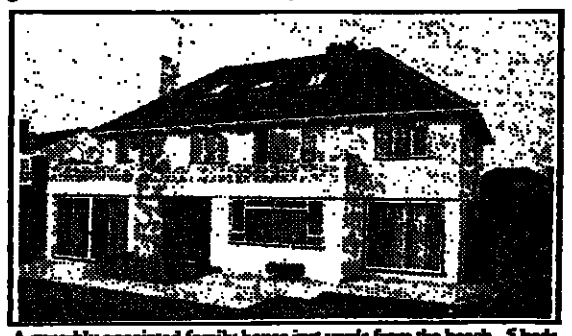

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Lane Fox

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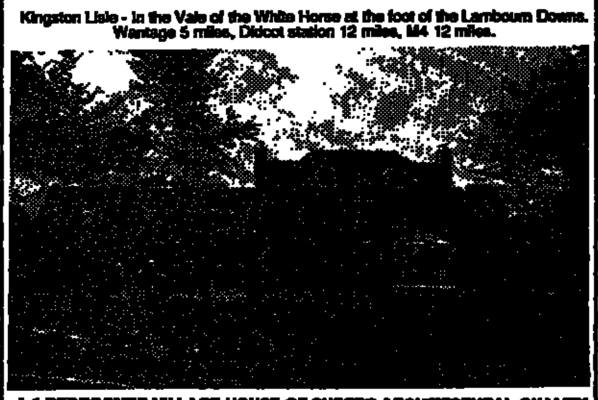

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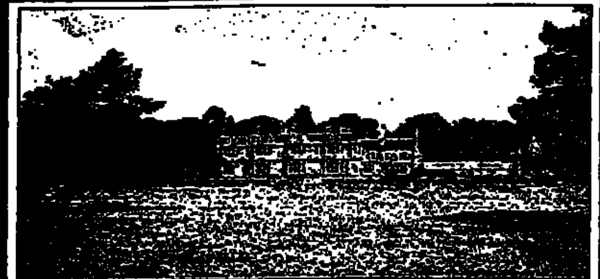

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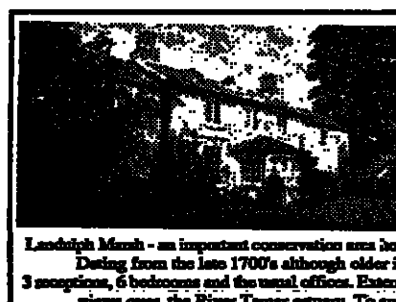

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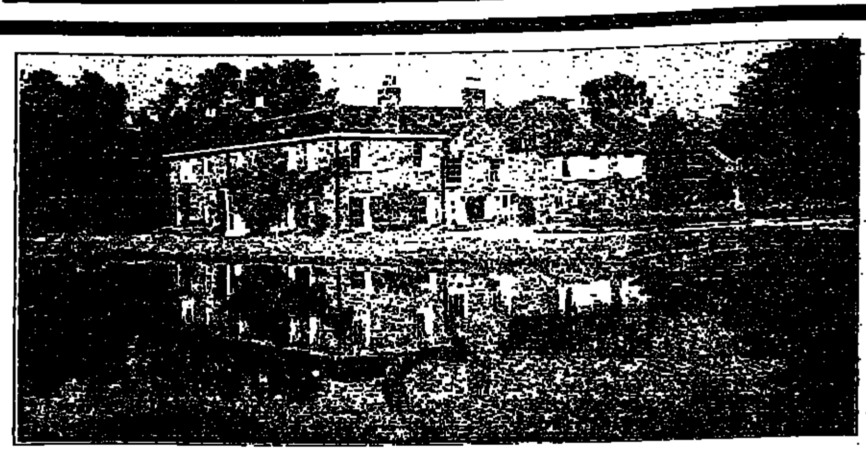

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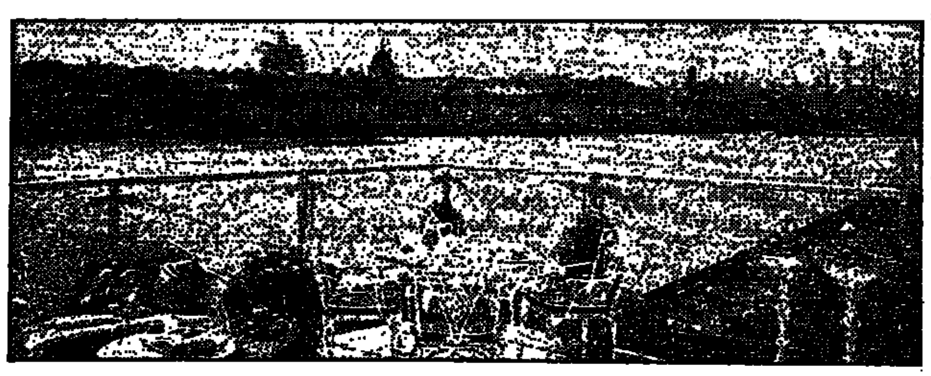

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GARDENING

How to battle bindweed in the border

Robin Lane Fox gets to grips with a tenacious garden weed

SOMETIMES, I think that weeds read the *Weekend FT*. About two years ago, I was suggesting a strategy for coping with weed-infested borders. It had all the confidence of a man who was making new flower beds, able to trust in virgin soil.

Virgin soil comes without a nasty, tangly past. It has no crooked white roots and nothing creepy. Weed-infested borders are another matter. The strategy now has to be tested again by the person who was so sure of it.

During the past two years, some thoroughly non-academic bindweed has snaked its way through the lawn borders of my Oxford college garden. Responsibility in these matters goes up through the chain of command and it is up to me to plan the attack and see that *the wretched stuff* comes out. What can best be done to this *widespread problem, and* when?

We have tried one answer with moderate success. Throughout the growing season, the young shoots on bindweed can be detached from their supports and dipped into a poison which kills through the leaves: Tumbleweed, based on glyphosate, is now the best known. The easiest method is the poisoned handshake: you fill a tin or jar with diluted weed killer, wear a glove, dip it into the solution and stroke the leaves and tips of whichever bit of bindweed you want to kill.

Various tricks will cope with the problem of drips. If you mix a dab of wallpaper paste into the diluted poison, it will *stick to any weed which you* have disentangled and will not *drip on to neighbouring plants*.

Alternatively, you can follow the advice *of an enthusiastic* lady reader who thought that she might have discovered a new market. When her husband exhausts his roll-on sticks of deodorant, she rescues them, prises off the roll-on, fills them with weed killer and uses them to roll on poison over the bindweed in the herbaceous border. Her intention was to restrict the strategy to the garden toolshed, but it might prove useful on weedy husbands or overgrown lovers. Roll-on poison can be applied exactly where you want it.

During the past two summers this method has kept our bindweed in check: it is particularly useful on plants which dislike disturbance – acanthus, paeonies and so forth. It has not, however, eliminated *the menace which always* seems to sprout at a distance from its last infestation. What happens, then, when the growing season ceases and this curse of a weed is still present?

It depends if you like the bold attack. Perhaps bold attacks like me, after many years in each other's company: the bold strategy is to dig everything out of the border, clear the soil, split up any of the plants which can be split and and disentangle every bit of bindweed from their roots. Some of it will survive, but not so much that the poison roll-on cannot cope next summer.

During the past fortnight, our strategy has been bold; the gardeners have been busy and the upper chain of command has kept up morale, rather in the manner of those *Roman* farm-owners who were advised by *their farm-writers, all* columnists, to tell little jokes to *their slaves in order to keep* them happy during times of *exceptional labour. Yards of* old border have been upturned, *transported by truck to the* head gardener's allotments and left there in quarantine. Like earth, border plants seem to expand when you dig them up.

There are, however, voices who think that we have missed our chance. After clearing soil, should we not use a deep-acting steriliser and kill off everything in it?

The best recent account of this process is in Penelope Hobhouse's book of tips from National Trust Gardens where she reports the experience of other head gardeners. Several of them have cleared their ground and applied the chemi*cal called Dazomet (its most* familiar brand name is Basamid). They have to wet the soil, fork its granules into the surface, cover it with polythene sheeting and leave it for four weeks so that it releases the gases which kill off any living remains.

Basamid is an excellent answer to the problem of specific rose sickness where roses are to be replanted on the same soil as their predecessors. It will also kill ground elder *and according to one* National Trust head gardener, it will control "free-living nermatodes". If you happen to know any, you now know how to deal with them.

The use of this chemical is slightly complicated and for details, I refer you to the chapter on practical maintenance in Penelope Hobhouse's book of National Trust gardens where veterans describe it. Here, three points are relevant.

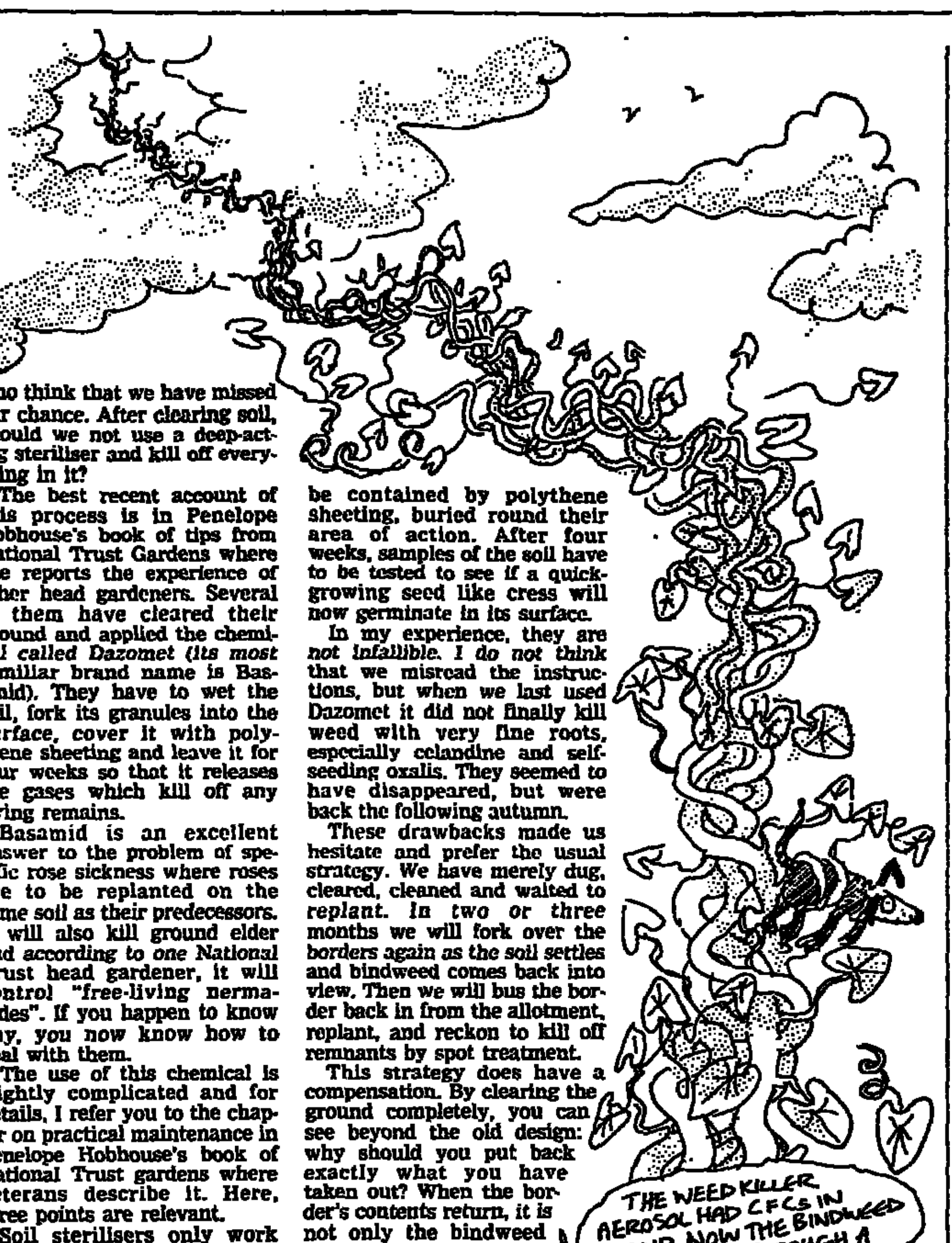
Soil sterilisers only work well when the temperature of the ground stays above 40-45 degrees F *for at least four* weeks: in Britain they are only *usable between late April and* mid-September. They are awkward, *therefore, in borders like* ours which have a visiting public and need to look presentable until late autumn: by now we have missed our chance.

Sterilisers are also rather awkward to use. They need to be contained by polythene sheeting, buried round their area of action. After four weeks, samples of the soil have to be tested to see if a quick-growing seed like cress will now germinate in its surface.

In my experience, they are *not infallible. I do not think* that we misread the instructions, but when we last used Dazomet it did not finally kill weed with very fine roots, especially celandine and self-seeding oxalis. They seemed to have disappeared, but were back the following autumn.

These drawbacks made us hesitate and prefer the usual strategy. We have merely dug, cleared, cleaned and waited to *replant. In two or three* months we will fork over the *borders again as the soil settles* and bindweed comes back into view. Then we will bus the border back in from the allotment, replant, and reckon to kill off remnants by spot treatment.

This strategy does have a compensation. By clearing the ground completely, you can see beyond the old design: why should you put back exactly what you have taken out? When the border's contents return, it is not only the bindweed which will be *different*. There cannot be a keen *gardener who resists* making changes: by clearing the lot and dividing it, you may not have sterilised the soil but you will certainly have stimulated your imagination.



In praise of the subtle sasanqua

Arthur Hellyer considers the colourful virtues and vices of the lime-hating camellia family

THERE ARE some camellias *on sale in the garden centres at* the moment, mainly varieties *of Camellia sasanqua*, a species which will start to flower in the autumn quite normally without any forcing and continue on and off according to the weather throughout the winter.

Most catalogues advise giving it the shelter of a wall but that is more to protect the flowers from destruction than because the plant as a whole is tender. There are differences of opinion about this but I doubt that the stems and leaves of the garden varieties of sasanqua differ greatly in hardiness *to those of most of* the popular williamsii varieties.

No open camellia flowers will survive anything approaching severe frost but unopened buds usually escape and are able to open and continue the display if the weather improves. Shabby bushes can be looking quite smart again in a week or so if one takes the *trouble to pick* or brush off the weather-damaged flowers.

A *variety such as the super-*prolific Donation will almost do this for itself as it is one of the williamsii hybrids, many of which have this quality – in contrast to most of the japonica varieties which tend to hang on to blooms that are dead.

None of the sasanqua camellias are in the same class as Donation and its kind for sheer display. Most have fairly small, *single flowers* like wild roses and usually these are scattered *around a rather loosely* branched bush. This means *that, in a photograph, they do* not look as spectacular as Donation, Debbie, Inspiration and many other of the williamsii top rankers.

However, what they lose in quantity they make up in charm and also by flowering so easily during our darkest days. Double flowered varieties do exist but the two I have seen recently are both single flowered: Crimson King, which I would describe as rose red, and Plantation Pink, a light shade of pink.

All camellias can be grown as pot or container plants in conservatories and similar protected places. They will then not only flower a little earlier *than they would do in the open* but also non-stop and without *risk to their flowers*.

Provided they are given sufficient root room in suitable, moderately acid soil that is sensibly fed with a non-alkaline fertiliser, the flowers under glass are likely to be both larger and more perfectly formed than those in the open. It is the ideal way to grow the very large flowered varieties such Drama Girl with its double pink flowers and Grand Slam, which is deep red.

Camellias are not difficult to

grow provided one remembers *that they do not* like alkaline soils. That rules out gardens on chalk or limestone for outdoor planting directly into the natural soil, although they can still be grown in pots, half tubs and other containers in any available lime-free soil or one of the numerous potting composts prepared for lime haters. Or one can prepare lime-free beds, preferably built above the natural soil level to avoid lime being washed down into them.

Camellias are less sensitive to drought than rhododendrons *which otherwise have similar* soil requirements and mix well with *them*. However, when grown in containers of any *kind camellias should be kept* well watered and the water *should not be alkaline*, or "hard" to use the common domestic term. If the mains supply is of this kind it may be *necessary to collect rain water* for the camellias and other acid-soil plants.

The camellia colour range is *not very great*: white and many shades of pink and red right up to crimson, and often striped, marbled or otherwise variegated with white. The largest number of varieties is still in the longest cultivated species, Camellia japonica, which have bred and selected in England for something like 200 years and for longer than *that in China and Japan, from* which they were first introduced.

It was only in our own time *that their full potential* as outdoor shrubs were fully realised. At about the same time a Chinese species named saluenensis arrived in England. It wasalmost unnoticed by the great commercial nurseries but was seized on by a couple of gifted amateur gardeners, J C Williams in Cornwall and Colonel Stephenson Clarke in Sussex, who both cross-bred it with Camellia japonica varieties and so started the magnificent race we now call C. wil*liamsii*.

From then on the progress of *the camellia was* phenomenal and it must now be one of the *most popular evergreen flowering* shrubs. Japonica varieties still heavily outnumber williamsii varieties and out-range them in variety of flower shape and colour, but it cannot be long before they compete on an equal footing.

I wonder if their success and the increasing familiarity of the sasanquas in the market place means that this species will also be brought increasingly into breeding programmes, particularly to produce autumn and winter flowering evergreens for the ever-growing conservatory market. If this happens it would put camellias firmly back into the top rank of greenhouse shrubs from which they only emerged about half a *century ago*.

SPORT

Golf/Lauren St John

The great shark keeps smiling

"GOLF," Sandy Lyle observed recently, "is one of those games where you always seem to remember the bad things and not the good things." That certainly applies to Australia's Greg Norman. The "good things" in Norman's career – including nearly 60 tournament victories worldwide – mean little in a sport where a man is judged by the major championships alone.

On this measure, Norman's position as world No.1 on the Sony rankings begins to look more than a little suspect, for he has won only a single major: the 1986 Open championship at Turnberry. Yet Nick Faldo, who was deposed by Norman recently at the top of the rankings has won four: the 1987 and 1990 Opens and the 1988 and 1990 US Masters.

Even though he has dominated the rankings since their inception in 1986, Norman is dead set against them. "It just doesn't work and it never will work until we have a world tour," he says. "You have a look at all your other sports around the world that do have a ranking system – tennis, motor racing and soccer, in a way, with the World Cup. Golf is the only professional sport where we aren't obligated to play certain tournaments around the world, which means that the (top) players aren't always playing against each other. That's why I don't think the ranking system works at all."

Ironically, Faldo believes that Sony's system is as good a way as any of establishing who the best player in the world is. "What you've got to work out," he says, "is how many ordinary tournament victories a player would give for one major victory." Faldo says he would trade in every tournament win he ever had, for his four major titles. Norman might well do the same.

This is where the "bad things" in Norman's otherwise illustrious career come in. The Australian may have just one major to his credit, but he has snatched defeat from the jaws of victory in at least four others. It has got to the stage where you do not wonder how he is going to win a tournament, you wonder how he is going to lose it. Norman has lost out in the majors on so many occasions that his nickname, the Great White Shark, originally a term of endearment and a tribute to his aggression and fearlessness on the golf course, has been changed rather cruelly to the Great White Carp.

'Other sports break bones or draw blood. In golf the damage is internal'

In 1986, shortly after Norman had bogeyed the last hole of the Masters to lose to Jack Nicklaus, he was beaten in the US PGA championship by Bob Tway who holed his bunker shot on the 72nd hole. In 1987 he lost the Masters again, when Larry Mize holed an extraordinary 40-foot chip on the second extra hole of the play-off. Finally, he lost the play-off for the 1989 Open championship to Mark Calcavecchia at Troon when he bunkered his tee shot at the 18th.

This year, Norman has been defeated twice on the US tour, by American rookie Robert Gamez and South African David Frost, both of whom holed fluke shots on the final hole of a tournament. A lesser player might have been crushed by what fate has dealt him but Norman, to his eternal credit, has turned it around and made it into something positive rather than negative.

As he said at the Open at St Andrews this year, he cannot help it if another player holes a miraculous shot to snatch the title. "If they do it to me," says Norman with customary good humour, "it is a sign I am in contention more than anybody else. If I had played a bad shot, or hit it in the water, or done something to lose it, then it would be a different situation."

In case Norman has forgotten, there are plenty of people who would remind him that bad luck was not a factor in the Open at Troon. By taking out a driver when he knew that the bunker was in play, Norman patently made an error of judgment. But the Shark has slowed down the video and watched the replay of that shot enough times to be convinced otherwise.

"Unfortunately, my drive landed on a hard patch, says the 35-year-old Australian. "I had 318 yards to the bunker. To this day, I would not hit any other shot. But that's seaside golf. Sometimes you get a good break and sometimes you get a bad break. It's just unfortunate that it worked out on the wrong side of the fence, but you've got to take it on the chin."

Other sports break bones or draw blood. In golf, all the damage is internal. The only fractures are to the psyche, the only bleeding that of the soul, the scars are mental ones. Only the player knows how long they will take to heal, or whether they will heal at all.

"I've seen so much of it, and it saddens me," says Norman, whose graciousness and down-to-earth manner have made him one of the most popular players in golf since Nicklaus, his hero. "If somebody beats you, heck, he beats you. He's better than you on the week. You have to say to yourself: 'Well, I better get out there and work harder to beat him next week.' But if you get mad at the guy for beating you, then he's got the edge on you every time."

That kind of resilience, as well as the desire to be the best, is inherent rather than learned. It has been part of Norman since childhood.

"Sure, your confidence can go down very quickly," he admits. "I mean, it's happened to me over the years. But you know deep down in your gut that it's just superficial. Three months will go by and you'll be bouncing right back into the game. You'll think: 'Whatever happened? What went wrong for three months?' You know, your swing might just go out of key a little bit. You start searching for it and you search in the wrong direction. Then you're stuck. When you get it back you think: 'God, how easy it is. Why did I go off the rails?'"

Norman's swing is so grooved that it rarely changes. When it does, he relies on the guidance of his coach of 18 years, Willie Earp.

"The mental part of your game fits the physical part and *vice versa*. It's an amazing contrast of passions. If your mind is strong negatively, then you'll never play (great golf), but if it is strong positively, then you are going to be around for a long, long time, no matter what people say or do to you."

Sand in his eyes: Norman was beaten from the bunkers at the 1986 US PGA and 1989 Open

Rugby/John Kitching

Last bow of the amateurs

GOOD MORNING and welcome to Twickenham, where England's match against Argentina today will be their last as amateurs. By the time the Five Nations championship starts in the new year we can expect captain Will Carling to be sponsored by the eponymous lager company, and policeman Paul Ackford and Wade Dooley to arrive in monogrammed panda cars. Or can we?

Yes and no, because rugby's International Board has served up its latest ruling on payments to players with a large dollop of fudge. The laws have been relaxed, but each member union still has the discretion to act "according to local circumstances." In practice that means maximum leeway in New Zealand and Wales, less in England and Scotland. It means some fairly serious money for a few top players, perhaps a little for some in national leagues, and no difference at all for the junior club or extra B player. It is no less than a "tragic error", according to Geoff Cooke, the England manager.

No-one, the board says, can be payed for playing, or for any activity directly connected with the game. Apart from that, pretty well anything goes.

"The basic tenet of the game will continue to be that players are not paid for playing the game," says Sir Ewart Bell of the International Board. "A charter for cheats," replies Albert Ferrasse of France's rugby federation. In his way, perhaps Ferrasse is nearer to the truth. The door to rule-bending is no longer ajar; it is wide open.

England appeared yesterday to be on the verge of asking their players to enter into contracts with the team management. The pressure, it seemed, was on the players. When I spoke to Carling he was polite and courteous but said: "I feel I have had my say. I don't want to make any further comment on the issue at this stage."

So the rugby season has again begun amid controversy. There is the issue of player poaching, defections to Rugby League, concern over the future of the Barbarians, the adoption of local refereeing rules which led recently to a scrum-free game in New Zealand, and two more momentous events. First, the Soviet Union has at last joined the International Board; second, South Africa has applied to host the 1995 World Cup.

Player poaching is inextricably linked to the professionalism issue. Once upon a time the good junior player moved on to a senior club to attract selectors' attentions. Nowadays, some senior clubs aggressively market themselves and head-hunt players. The so-called poaching of Jason Leonard by Harlequins from Saracens led to an open row. Yet Leonard had joined Saracens from junior club Cheshunt. Poaching, or moving up in the game? It is a thin line.

Rugby League, that poacher *par excellence*, has claimed its customary number of Welsh recruits, with Neath's Mark Jones the latest to go north, for an alleged £160,000. Carling has said he would not join League for £1m. Carling, who is young, handsome, educated and articulate, should, with a good agent, be able now to make a reasonable living out of rugby union; Jones, a taciturn shaven-headed forward, would probably not.

In a team game, why should some players (such as Carling or Jeremy Guscott) benefit substantially while others – less charismatic, less articulate – do not? Carling's initial reaction to the new regulations was that there would certainly have to be some sort of pool system. "The team has to be looked after first, even though certain individuals will be more marketable than others." This week he declined to elaborate on those views.

When Argentina last visited Britain, in 1978, the game was very different. There were no national leagues, there was little sponsorship. Rugby, in short, was a players' game. Now at the highest levels it has become big business.

Leagues rugby may have raised standards and the ferocity of competition, but perhaps, in a curious way, it has made rugby again a players' rather than spectators' sport. Many league games are dour, desultory affairs – the worst kind of professional sport – and one longs for the atmosphere of, for instance, the old Anglo-Welsh "friendlies."

Perhaps rugby is developing too quickly. It is in danger of becoming too big for its boots. There is too much at stake, too many matches, too many advisers, too many players burning themselves out too young. Possibly it remains a fun game only in the junior clubs or in schools and universities, though judgment should be reserved, perhaps, until after next year's World Cup, which will be rugby's biggest money-spinner with gate receipts expected to reach £10m and sponsorship several times that.

Argentina have much to prove at Twickenham. They will want to show that their win over England in July was not a freak and they will want to gauge standards in the northern hemisphere. They are to play in World Cup pool three against Wales, Australia and Western Samoa.

Their game relies on a heavy forward artillery which often stops little short of brutality. Their general is Hugo Porta, the 39-year-old fly half, who is almost old enough to be Carling's father. Porta is too old to benefit substantially from the relaxation of the professionalism regulations; but Carling could make a small fortune.

Tennis/John Barrett

A scholar and a winner

THERE IS a chasm between promise and fulfilment that some players never bridge. Of all the young Britons I have seen this week competing in the Prudential national championships at the Telford Racquet Centre, the one who seems most likely to make a successful crossing is the Welsh girl, Sarah Loosemore. In spite of her loss yesterday to Sara Gomer this former junior champion has the look of a future British No. 1.

The fact that this bright 19-year-old from Dinas Powis has lifted her world ranking from 284 at the start of the year to 90, in spite of a niggling injury, is encouraging. At the Australian Open last January she qualified and then reached the third round where she took a set off the eventual finalist, Helena Sukova.

A torn stomach muscle at the Federation Cup in Atlanta, where she beat the highly-ranked Italian, Rafaela Reggi, has taken a long time to heal. This has interrupted her preparation so that she arrived in Telford with only one week of match play under her belt. It has left her looking less sure of herself than usual.

Nevertheless, Sarah certainly has the right attitude. She describes herself as "determined, aggressive and very competitive," and says: "I simply have to be the best in anything I do."

Sarah displayed those qualities in 1988 when she won this tournament at the age of 17. It was particularly unfortunate, therefore, that a sprained wrist prevented her from defending the title last year, because she had also been forced to miss Wimbledon in 1989 while taking her A levels.

The self-denial was worthwhile. Sarah is due to start studying at Oxford next October. If she maintains her present progress she will face an agonising decision next summer. Should she take up her place or not?

Sensibly, she is not allowing the question to affect her. "I'm not going to put pressure on myself," she says. "If I have to delay it for a few years it's no big deal. There are many mature students these days."

This realism was apparent years earlier when Sarah had to make another difficult decision. At 13 she was one of the most promising young swimmers in Wales. "It was becoming impossible. Apart from my tennis, I was spending two hours in the pool every day before school and two more hours in the evening, as well as playing county hockey and netball and trying to keep up with homework."

She was fortunate to have parents who helped her make the right decision. Her father, John, is a Cardiff solicitor who always hoped that she would go to university, as he had done. Her mother, Pam, a former Welsh tennis international, introduced all four children to the game early.

But Sarah had not been so impressed. "I never liked tennis at first," she remembers, "but when I was about eight or nine mum took me along to play against the squad of boys she was coaching at the time. Immediately I was hooked. It was the challenge of being the only girl. All I wanted to do was win against the boys."

Winning became a habit. She won the national 14-and-under and 16-and-under titles and in 1987, at 15, became the British junior champion.

Sarah is enough of a realist to know that the next stage of her development will be the most difficult. She acknowledges that she should have spent more time on European clay. "Our young players should be competing in Europe much earlier. It is very difficult to learn to be consistent on fast courts like the ones at Bisham Abbey or Queens Club."

Last Easter Sarah made the decision to hire as a full-time coach Andrew Jarrett, the former British Davis Cup player, with whom she had worked on the LTA's Challenger squad. The LTA has agreed to underwrite the cost. This is exactly the right approach. These days it is virtually impossible for even the most talented individual to break into the top levels of the men's or women's game without expert year-round help. This is how the LTA should invest its training funds – once an individual has proved that he or she has the potential to succeed.

Sarah has no doubts. Without conceit she says confidently: "I know I can become as good as today's great players." The next two years will show whether or not she is right.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

8:00 am Breakfast Serials. 8:35 Bravestarr. 9:00 Going Live! 12:12 pm Weather.

12:15 Grandstand including 12:20 Motor Racing (Formula Ford Festival from Brands Hatch); 12:50 News; 1:00 Racing from Chepstow; 1:10 Motor Racing; 1:30 Racing from Chepstow; 1:40 Motor Racing; 2:00 Racing from Chepstow; 2:10 Motor Racing; 2:25 Rugby Union (England v Argentina at Twickenham); 4:00 Tennis. (Women's final in the Prudential National Championships at Telford); 4:40 Final Score.

5:00 News. 5:10 Regional News and Sport. 5:15 Stay Tooned! 5:40 The Noel Edmonds Saturday Roadshow. 6:25 Every Second Counts. 7:00 Russ Abbott. 7:30 In Sickness and in Health. 8:00 All Creatures Great and Small. 8:50 News and Sport. 9:10 Film: "Monster Manor". 10:40 Ben Elton: The Man from Auntie. 11:10 Film: "Reuben, Reuben" starring Tom Conti. 12:45-12:50 am Weather.

BBC2

9:00 am Open University. 10:40 The Historymen. 10:45 The Sky at Night. 11:05 Woodhouse Roadshow. 11:40 Art of Travel. †11:50 The Honeymooners. †12:15 pm Film: "Tarzan the Ape Man" with Johnny Weissmuller and Maureen O'Sullivan. 1:50 Dawn Raga. 2:00 Discoveries Under Water. 2:50 Mahabharat (in Hindi with English subtitles). 13:20 Film: "Roman Holiday" starring Audrey Hepburn, Gregory Peck and Eddie Albert.

5:25 Mexico Vivo. 5:50 Late Again. 6:35 Newsview. 7:25 The Ring of the Nibelung (with Radio 3): the ten-part screening of Wagner's operatic cycle in Nikolaus Lehnhoff's Bavarian State Opera production continues with Act 1 of 'Siegfried'. 8:50 Saturday Night Clive. 9:35 Moving Pictures. 10:25 Twin Peaks. 11:15-12:40 am Film: "The Loveless" starring Willem Dafoe.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Motormouth. 11:30 The ITV Chart Show. 12:30 pm Posh Frocks & New Trousers. 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 Saint & Greavsie.

1:40 Sportsmasters. 2:10 Saturday Matinee: "Wuthering Heights" starring Anna Calder-Marshall and Timothy Dalton. 4:00 International Rugby Union: France v New Zealand (Highlights of First Test from Nantes). 4:45 Results Service.

5:00 ITN News, followed by National Weather. 5:05 Local News and Weather. 5:15 Disney Cartoon Time. 5:25 The New Adventures of Black Beauty. 5:55 Catchphrase. 6:25 Blind Date. 7:25 Beadle's About. 7:55 Stay Lucky.

9:00 ITN News and Sport followed by National Weather. 9:15 Local Weather. 9:20 The ITV Saturday Movie: starring Steve McQueen: "The Hunter". 11:15 Philip Marlowe: Private Eye. 12:10 am The Best of the Best Club.

CHANNEL 4

8:00 am Transworld Sport. 9:00 News Summary. 9:05 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Same Difference. 10:00 Check Out. †10:30 "Andy Hardy Meets Debutante". 12:10 pm Away for the Day. 12:30 American Football Red 42. 1:00 Channel 4 Racing from Newmarket. †2:40 'H M Pulham, Esq' starring Robert Young. 4:55 November, November. 5:10 Brookside Omnibus. 6:30 Right to Reply. 7:00 The World This Week. 8:00 Adventures. Fat Man in Argentina. 9:00 L.A. Law. 10:00 Film on Four International presents "The Emigrants" (with English subtitles). 12:05 am Snoops. 1:05 The Story of the Kinks.

S4C WALES

As Channel 4 except:
10:00 am Owl TV. 10:30 Hard News. 11:00 Check Out. 11:30 Gardeners Calendar. 12:00 Sumo. 2:40 Indian Screen: "Vasantha Kokila." 6:30 Newyddion. 6:40 Slac Yn Dynn. 7:10 Cylle Byw. 8:10 Y Maes Chwarae. 9:10 Inspector Morse. 11:10 Rotten Apples.

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Here Come the Double Deckers. 2:10 Movie: "The Great Gold Swindle." 11:15 "Coogan's Bluff" starring Clint Eastwood

BORDER

12:30 pm Supercross: The UK Open from Swindon's Abbey Stadium. 11:15 Film: "Zorro the Gay Blade" starring George Hamilton and Lauren Hutton.

CENTRAL

12:30 pm Just Champion. 2:10 "The Great Gold Swindle" starring John Hargreaves and Robert Hughes. 11:15 Steve McQueen in "The Getaway".

CHANNEL

12:30 pm Art Attack. 12:50 Cartoontime. 11:15 "KGB: The Secret War."

GRAMPIAN

12:30 pm Le Durachd. 12:40 Abairl 2:10 Coronation Street. 3:05 Matlock. 4:45 Scotsport Results. 5:10 Criomagan. 11:15 "Zorro, the Gay Blade." starring George Hamilton and Lauren Hutton.

GRANADA

12:30 pm Here Come the Double Deckers. 12:50 Max, the 2,000- year-old Mouse. 2:10 The Spectacular World of Guinness Records. 2:40 Rugby League - Live: Widnes v Leeds. 11:15 "Zorro, the Gay Blade." starring George Hamilton and Lauren Hutton.

HTV

12:30 pm The World of Golf. 2:10 Coronation Street. 3:05 The Life and Times of Grizzly Adams. 11:15 Magnum, P.I. 12:15 am "The Last Ride of the Dalton Gang."

HTV WALES as HTV except:-
11:15-12:15 am Rugby Round-Up.

SCOTTISH

12:30 pm NB. 2:10 Coronation Street (Omnibus edition). 3:05 The Love Boat. 4:45 Scotsport Results. 11:15 The Concert featuring "Gun". 12:10 am Saturday Drive-in on Scottish: "The Howling" starring Patrick MacNee.

TSW

12:30 pm The South West Week. 2:10 Coronation Street (Omnibus edition). 3:05 The Life and Times of Grizzly Adams. 5:05 TSW News and Sport. 5:10 Gus Honeybun's Magic Birthdays. 11:15 Film: "Zorro, the Gay Blade" starring George Hamilton and Lauren Hutton.

TVS

12:30 pm Art Attack. 11:15 The Superspies: "KGB - The Secret War" starring Michael Billington and Denise Du Barry.

TYNE TEES

12:30 pm Posh Frocks and New Trousers. 5:10 Northern Life - Saturday Special. 11:15 "Zorro the Gay Blade" starring George Hamilton and Lauren Hutton.

ULSTER

12:30 pm Cinemattractions. 11:15 "Scapegoat": starring Sean Derek.

YORKSHIRE

12:30 pm The World of Golf. 2:10 Coronation Street (omnibus edition). 3:05 Charlie's Angels. 11:15 Soccer Special. 12:10 am ITN News Headlines followed by "Death Penalty."

(S) Stereo on FM

BBC RADIO 2

6:05 am Sounds of the 50s. 8:00 Sounds of the 60s. 10:00 Sue Cook. 12:05 pm Gerald Harper. 1:30 The News Huddlines. 2:00 Jeremy Nicholas delves into the BBC Gramophone Library. 3:00 Gerry Anderson. 4:45 Charles McNicol at the Compton Organ 5:00 Cinema 2. 5:30 Junkin's Jokers 6:00 Country Greats in Concert: Mickey Gilley. 7:00 Beat the Record. 7:30 Joan Savage. 8:30 The Musical World of John Cacavas. 9:30 Easy Does It. 10:00 Arts Programme 12:05 am Cinema 2. 12:30 Pop Score. 1:00-4:00 Night Ride.

BBC RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Beethoven and Schumann. John Lill (piano): Beethoven's 'Moonlight' Sonata and Schumann's 'Carnaval'. 9:30 Saturday Review. 12:55 pm Words with James Naughtie.

1:00 News. 1:05 Cello Sonatas by Brahms (in F Op 99) and Beethoven (in A Op 69) played by Alexander Baillie and Tamas Vasary. 2:10 BBC Symphony Orchestra at 60. Dvorak (Slavonic Dance in E minor), Bartok (Suite: Miraculous Mandarin), Dvorak (Symphony No 9, 'New World'), Schoenberg (Modern Psalm; Variations for orchestra). (3:15 Interview with Colin Bradbury, principal clarinettist of the orchestra).

4:00 Tuning Up. Organist Christopher Bowers-Broadbent talks to Chris de Souza and plays music by Bach, Tournemire, Arvo Part and Stephen Montague. 5:00 Jazz Record Requests. 5:45 Third Opinion with Christopher Cook. 6:30 Brahms: 2-piano version of Symphony No 3 played by Martin Roscoe and Ronan O'Hora.

7:22 The Ring of the Nibelung (with BBC2): The Bavarian State Opera production of Wagner's operatic cycle continues with Act 1 of 'Siegfried', 8:50 Issues.

9:15 Instrumental Wolf. Wolf's D-minor String Quartet played by the Artis Quartet, Vienna. 10:00 BBC Symphony Orchestra 60th Anniversary Season: Tippett's 'The Mask of Time'. 11:45 The Singing Will Never Be Done. Tippett conducting Morley College Choir in Tallis's 'Spem in alium' in 1949 (mono). 12:00-12:05 am News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends (s). 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather.

1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Any Answers? 2:30 Saturday Playhouse (s). 4:00 News; Looking Eastwards to the Sea (s). 4:30 Science Now. 5:00 Largely Walters. 5:25 Week Ending. 5:50 Shipping Forecast.

5:55 Weather. 6:00 News; Sports Round-up. 6:25 Citizens. Omnibus Edition (s). 7:10 Stop the Week with Robert Robinson (s). 7:45 Classic Serial: The Forsyte Chronicles (s). 8:45 Tough Cookies (s). 9:10 Music in Mind (s). 9:30 Ten to Ten (s). 9:50 Weather. 10:00 News. 10:15 Open Mind. 10:45 Uncle Mort's South Country (s). 11:00 Richard Baker Compares Notes with Dr Arthur Wills, former music director of Ely Cathedral (s). 11:30 The Sit-Crom (s). 12:00-12:30 am News.

BBC RADIO 5

6:30 am Morning Edition. 9:02 On Your Marks. 12:00 Sport on 4 Plus 1. 12:30 pm Sports Call. 1:30 Sport on 5. Football: Barclays League First Division; Rugby Union: England v Argentina Cricket: Western Australia v England 5:00 Sports Report. 6:00 As Radio 4. 10:00 Sport. 10:15 As Radio 4. 11:00 Sport. 11:10 World Service. 12:00-12:10 am Sport.

SUNDAY

†indicates programme in black and white

BBC1

8:45 am Through the Garden Gate. 9:15 Inigo. 9:30 This is the Day. 10:00 A Vous La France! 10:25 Espana Viva. 10:50 You and 92. 11:25 Business Matters. 11:50 Help Your Child with Reading.

12:05 pm See Hear! 12:30 Country File. 1:00 News: On the Record. 2:00 EastEnders. 3:00 Film: "Warlock" starring Henry Fonda, Richard Widmark and Anthony Quinn.

4:55 Popeye. 5:05 The Clothes Show. 5:30 Hearts of Gold. 6:15 Sum Chance. 6:25 News. 6:40 Songs of Praise. 7:15 Last of the Summer Wine. 7:45 Howards' Way.

8:35 Bread. 9:05 The Green Man. 9:55 News. 10:10 Heart of the Matter. 10:45 The Days and Nights of Molly Dodd. 11:10 Clean Slate. 11:40 Mahabharat (in Hindi with subtitles). 12:20-12:25 am Weather.

BBC2

7:30 am Children's BBC Two starts with King Rollo. 7:35 Playdays. 7:55 Corners. 8:10 Pinocchio. 8:30 Moveable Feasts. 8:45 Litt'l Bits. 9:05 Video Relief. 9:25 Dungeons and Dragons. 9:55 Blue Peter Omnibus. 10:40 Uncle Jack...and Operation Green. 11:05 Boxpops. 11:45 The O-Zone.

12:00 Grand Prix: Australian Grand Prix, from Adelaide. 1:55 pm Tennis: men's singles final of the Prudential National Championships, from Telford. 4:00 World Gymnastics from Brussels. 5:00 Rugby Special. 6:00 Juke Box Jury

6:35 The Money Programme. 7:15 The Trials of Life 8:05 Not Only . . . But Also. 8:35 Nippon. 9:35 Grand Prix (highlights of Australian Grand Prix). 10:10 Film: "One Flew Over The Cuckoo's Nest" starring Jack Nicholson. 12:30 am Dance Energy. 1:00-1:35 Rapido.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: The Disney Club. 10:45 Link. 11:00 Morning Worship. 12:00 The Human Factor. 12:30 pm LWT News Weekend. 1:00 ITN News followed by National Weather. 1:10 Special Inquiry presented by Donald MacCormick.

2:00 Charlie's Angels. 2:55 The Match: Tottenham Hotspur v Liverpool. 5:05 Sunday Sunday. 6:00 The River Thames: Dockland. 6:30 ITN News, followed by National Weather. 6:35 Local News and Weather. 6:40 Highway. 7:15 Close to Home.

7:45 The Ruth Rendell Mysteries. 8:45 ITN News followed by National Weather. 9:00 Local Weather. 9:05 London's Burning. 10:05 Hale & Pace. 10:35 The South Bank Show. 11:35 Comics, the Ninth Art. 12:10 am The ITV Chart Show followed by ITN News Headlines.

CHANNEL 4

7:00 am Gardeners' Calendar. 7:30 Once Upon a Time...Life. 8:00 Dennis. 8:30 Bobobobs. 9:00 Early Bird. 9:25 Orientations. 10:00 A Week in Politics - Second Reading. 10:45 Dennis. 11:00 Owl TV. 11:30 Grim Tales. 11:45 The Astrology Show. 12:00 The Waltons. 1:00 pm Land of the Giants. 12:00 "Heavens Above" with Peter Sellers. 4:10 George and Rosemary. 14:20 Nat King Cole Show. 4:45 Answering Back.

5:30 News Summary and Weather followed by Road to Avonlea. 6:30 The Cosby Show. 7:00 Equinox: A Brush with the Greens. 8:00 American Football. 9:30 The Media Show. 10:15 Hollywood Mavericks: "Shock Corridor". 12:10 am "The Swing" (Die Schaukel) (in German with English subtitles).

S4C WALES

As Channel 4 except:-
10:40 am Land of the Giants. 12:55 pm Now You're Talking. 1:20 O Bedwar Ban. 1:30 Byrw Misen. 2:00 Equinox. 3:00 Adventures. 4:00 Feature Film: "The Big Noise" with Laurel and Hardy.

5:20 Little Tom Thumb. 5:30 Ponies. 7:05 Newyddion. 7:10 Gwyntryn. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Anest. 9:50 Myfyrdod. 10:00 American Football. 11:35 The Media Show.

IBA Regions as London except at the following times:

ANGLIA

12:25 pm Farming Diary. 2:00 Members Only. 2:25 Blind Faith. 5:05 Highway to Heaven. 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

BORDER

12:30 pm Here Come the Double Deckers. 2:00 Coronation Street (Omnibus edition). 5:00 Scotsport. 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

CENTRAL

12:30 pm Gardening Time. 12:55 Central News. 2:00 Coronation Street (Omnibus edition). 5:05 Bullseye. 5:35 The A-team. 11:35 Prisoner: Cell Block H.

CHANNEL

12:30 pm Reflections. 12:35 Les Francais Chez-Vous. 12:50 Tele-Journal. 2:00 Katts and Dog. 2:25 Hillary's Adventures. 5:05 The A-team. 6:00 Bullseye. 11:35 The Human Factor. 12:05 am The New Avengers.

GRAMPIAN

10:45 am The Fantastic Four. 11:15 Let's Rejoice. 11:45 Link. 12:30 pm Jack Thompson Down Under. 12:55 Grampian Headlines. 2:00 Whatever Happened to Childhood? 3:00 Highway to Heaven. 4:00 The World of Golf. 4:30 Bullseye. 5:30 Scotsport. 6:00 Scotland's Larder. 11:35 Prisoner: Cell Block H.

GRANADA

12:30 pm Granada This Week. 2:00 Richmond Hill. 5:05 Bullseye. 5:35 Coronation Street. 11:35 Prisoner: Cell Block H.

HTV

12:30 pm Spectacular World of Guinness Records. 12:55 HTV News. 2:00 West Country Farming. Weather for Farmers. 2:30 HTV Newsweek. 5:05 Highway to Heaven. 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

HTV WALES as HTV except:-
12:30-12:55 pm Survival. 2:30-2:55 The Spectacular World of Guinness Records.

SCOTTISH

10:45 am Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 pm The Gods of War. 12:55 Scotland Today. 2:00 Scottish Supplement. 2:30 American Film Classics: "Escape to Burma" with Barbara Stanwyck, Robert Ryan and David Farrar. 4:25 Baywatch. 6:00 Scotsport. 6:30 NB Special. 11:35 Off the Page. 12:05 am Cumbernauld International Open Swim Meet.

TSW

12:30 pm Farming News. 12:55 TSW News and Weather. 2:00 Stunt Special - Burning Rubber. 5:05 The A-team. 6:00 Bullseye. 11:35 Murphy's Law.

TVS

12:30 pm TVS News. 12:35 Agenda. 12:55 TVS Weather and Farming Weather 2:00 Katts and Dog. 2:25 Hillary's Adventures. 5:05 The A-team. 6:00 Bullseye. 11:35 The Human Factor. 12:05 am The New Avengers.

TYNE TEES

12:25 pm Heavenly Voices. 12:55 Regional News. 2:00 Wanted Dead or Alive. 2:25 The Back Page. 5:05 All Clued Up. 5:35 Coronation Street (Omnibus edition). 11:35 The Silk Road.

ULSTER

12:30 pm Gardening Time. 12:57 Ulster Newstime. 2:00 Money Talks. 2:30 The Spectacular World of Guinness Records. 5:05 Bullseye. 5:35 Coronation Street. 11:35 Ulster Newstime. 11:40 Prisoner: Cell Block H.

YORKSHIRE

12:25 pm Goals on Sunday. 12:55 Calendar News and Local Weather - The Week Ahead. 2:00 The Life and Times of Grizzly Adams. 5:05 Highway to Heaven. 6:00 Bullseye. 11:35 Scrumdown.

BBC RADIO 2

(S) Stereo on FM
7:30 am Don Maclean says 'Good Morning Sunday'. 9:05 Richard Baker with 'Melodies for You'. 11:00 Desmond Carrington with 'Radio 2 All-Time Greats'. 2:00 pm Benny Green. 3:00 Alan Dell with Sounds Easy. 4:00 The Radio Orchestra Salutes. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 John Lawrenson with a musical showcase of favourite melodies. 8:00 The Wallace Collection. 8:30 Sunday Half-Hour. 9:00 Alan Keith with 'Your Hundred Best Tunes'. 10:05 Radio 2 Arts Programme. 12:05 am Jeremy Nicholas. 1:00-4:00 Night Ride.

BBC RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Handel Chandos Anthems. 9:15 A Time of Gifts. 10:15 Music Weekly. 11:00 Decade by Decade: 19th-century music, 1850-60. 12:50 pm Table Talk. 1:00 News. 1:05 Your Concert Choice.

2:30 Chamber Music from Birmingham played by the Purcell Quartet: Purcell (Sonatas Nos 7 & 8, Z 808 & 795), Lawes (Fantasia and Airs No 5), Locke (Suite in G); (3:05 Interval Reading); 3:10 Lawes (Fantasia and Airs No 4 in C), Blow (Sonata in G for 2 violins, bass viol and continuo), Purcell (Sonata No 1 in B minor, Z 802; Pavan in A, Z 748; Sonata No 9, Z 810, 'Golden'.

3:55 Poet of the Month. Interview with Sri-Lankan-born Canadian poet Michael Ondaatje. 4:15 Ulster Orchestra, with Philip Martin (piano): Britten (Diversions for piano left-hand and orchestra), Lennox Berkeley (Symphony No 1). 5:15 Opera News. 6:00 Choral Evensong. 6:50 Holmboe: Yitkin Seow (piano): Suono da Bardo, Op 49.

7:30 Sunday Play: "Observe the Sons of Ulster Marching towards the Somme" by Frank McGuinness. 9:30 BBC Scottish Symphony Orchestra, with Roy Howat (piano): Elgar (Introduction and Allegro), Chabrier (Suite: Pastorale), Franck (Symphonic Variations; Symphony in D minor). 11:00 Schubert. String Quintet in C, D 956, played by the Solomon Quartet with Timothy Mason (cello). 12:00-12:05 am News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 Appeal on behalf of the RAF Benevolent Fund. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers.

11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Sunday Playhouse (s). 3:30 The Radio Programme. 4:00 News; Analysis.

4:47 Time for Verse. 5:00 News; Down Your Way. 5:40 The Finer Things. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs listeners' complaints about BBC programmes and policy. 6:30 Caring for Kate. 7:00 I Want To Go Home. (s).

7:20 Bookshelf. 8:00 Justice. 8:45 Heard Not Seen. 9:00 News; Treasure Islands. 9:15 The Natural History Programme. 9:59 Weather. followed by 10:00 News. 10:15 The Passionate Intellect (s). 11:00 In Committee. 11:30 Seeds of Faith (s). 11:45 Before the Ending of the Day (s). 12:00-12:30 am News.

BBC RADIO 5

7:30 am Sunday Edition. 9:02 This Family Business. 10:30 Education Matters. 11:00 Sport. 11:02 Soundwaves. 11:30 Talking Poetry on the theme of sleep and dreams, with Roger McGough. 12:00 Sport.

12:15 pm Desert Island Discs (as Radio 4). 1:00 Sport. 1:05 A Vous La France! 1:30 Espana Viva. 2:00 Sunday Sport Extra: Tottenham Hotspur v Liverpool. 6:00 Sport. 6:10 Open University. 6:30 As Radio 4. 7:00 As Radio 1. 9:00 Nightbeat. 9:30 Across the Line. 11:05 World Service. 12:00-12:55 am Sport.